

Congressional Record

PROCEEDINGS AND DEBATES OF THE SEVENTIETH CONGRESS SECOND SESSION

SENATE

WEDNESDAY, February 13, 1929

(Legislative day of Monday, February 11, 1929)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed the following bill and joint resolution, each with amendments, in which it requested the concurrence of the Senate:

S. 3936. An act to regulate the practice of the healing art to protect the public health in the District of Columbia; and

S. J. Res. 182. Joint resolution for the relief of farmers in the storm and flood stricken areas of southeastern United States.

The message also announced that the House had passed a bill (H. R. 12956) to amend certain sections of the teachers' salary act, approved June 4, 1924, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED

The VICE PRESIDENT announced his signature to the enrolled bills and joint resolutions signed by the Speaker of the House of Representatives and transmitted to the Senate before the recess was taken yesterday.

OPEN-PRICE ASSOCIATIONS

The VICE PRESIDENT laid before the Senate a communication from the chairman of the Federal Trade Commission, transmitting in response to Senate Resolution 28 (submitted by Mr. McKellar in the Sixty-ninth Congress, special session of the Senate, agreed to March 17, 1925), a report on open-price trade associations prepared under the direction of the commission by its chief economist, which, with the accompanying papers, was ordered to lie on the table.

DISPOSITION OF USELESS PAPERS

The VICE PRESIDENT laid before the Senate a communication from the Assistant Secretary of Labor, transmitting, pursuant to law, a list of miscellaneous papers on the files of the Immigration Service, Bureau of Labor Statistics, United States Employment Service, Children's Bureau, and the Women's Bureau, which are no longer useful in the transaction of official business and have not sufficient historic interest to warrant preservation, and asking for action looking toward their disposition, which was referred to Joint Select Committee on the Disposition of Useless Papers in the Executive Departments. The Vice President appointed Mr. COUZENS and Mr. COPELAND members of the committee on the part of the Senate.

The VICE PRESIDENT also laid before the Senate a communication from the secretary of the Federal Radio Commission, reporting, pursuant to law, that there is an accumulation of letters from radio listeners known as "fan mail," which are considered useless in the transaction of official business and have no permanent value or historic interest, and asking for action looking toward their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments. The Vice President appointed Mr. WATSON and Mr. SMITH members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution adopted by the State Senate of Nebraska, favoring the making of

an appropriation for the construction and maintenance of a road beginning at a point near Decatur, Burt County, Nebr., thence running in a northwesterly direction to Macy, Thurston County, thence to the Winnebago Agency, and thence to the village of Winnebago, Thurston County, all situated within the limits of the Omaha and Winnebago Reservation, Nebr., which was referred to the Committee on Indian Affairs. (See similar resolution of the Nebraska State House of Representatives appearing in full when presented yesterday by Mr. NORRIS, page 3291 of the RECORD.)

The VICE PRESIDENT also laid before the Senate a resolution adopted by the State Senate of Nebraska, favoring the passage of the bill (H. R. 14461) to provide for a joint reunion of the surviving veterans of both sides of the war 1861 to 1865, in the city of Washington, in the year 1929; to authorize the appropriation of sufficient money from the United States Treasury to pay the expenses of such joint reunion; and to provide for a commission to carry into effect the provisions of the act, which was referred to the Committee on Military Affairs. (See similar resolution of the Nebraska State House of Representatives appearing in full when presented yesterday by Mr. NORRIS, page 3291 of the RECORD.)

REPORTS OF COMMITTEES

Mr. PHIPPS, from the Committee on Irrigation and Reclamation, to which was referred the bill (H. R. 7028) granting the consent of Congress to compacts or agreements between the States of Colorado and Utah with respect to the division and apportionment of the waters of the Colorado, Green, Bear or Yampa, the White, San Juan, and Dolores Rivers and all other streams in which such States are jointly interested, reported it with amendments and submitted a report (No. 1724) thereon.

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 5787) for the relief of the estate of C. C. Spiller, deceased, reported it without amendment and submitted a report (No. 1725) thereon.

Mr. MAYFIELD, from the Committee on Claims, to which was referred the bill (S. 5776) for the relief of Wynona A. Dixon, reported it without amendment and submitted a report (No. 1726) thereon.

Mr. NORBECK, from the Committee on Pensions, to which was referred the bill (H. R. 16878) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, etc., and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors, reported it with amendments and submitted a report (No. 1727) thereon.

EXECUTIVE REPORTS

Mr. BORAH. I ask unanimous consent to submit certain reports from the Committee on Foreign Relations for the Executive Calendar.

The VICE PRESIDENT. Without objection, leave is granted, and the reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NEELY:

A bill (S. 5789) granting a pension to Ella Reitz McGill; to the Committee on Pensions.

By Mr. GOFF:

A bill (S. 5790) to extend the times for commencing and completing the construction of a bridge across the Kanawha River at or near St. Albans, Kanawha County, W. Va.; to the Committee on Commerce.

By Mr. COUZENS:

A bill (S. 5791) for the relief of the Detroit Fidelity & Surety Co.; to the Committee on Claims.

By Mr. JONES:

A bill (S. 5792) to readjust the commissioned personnel of the Coast Guard, and for other purposes; to the Committee on Commerce.

By Mr. BROOKHART:

A bill (S. 5793) granting a pension to Ida E. McBride (with accompanying papers); to the Committee on Pensions.

HOUSE BILL REFERRED

The bill (H. R. 12956) to amend certain sections of the teachers' salary act, approved June 4, 1924, and for other purposes, was read twice by its title and referred to the Committee on the District of Columbia.

AMENDMENTS TO DEFICIENCY APPROPRIATION BILL

Mr. BRATTON submitted an amendment intended to be proposed by him to the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill insert:

"For the construction of new buildings and the repair and replacement of existing ones at the United States Dry-Land Field Station at Tucumcari, N. Mex., \$25,000."

Mr. ODDIE submitted an amendment intended to be proposed by him to the second deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed, as follows:

At the proper place in the bill insert the following:

"To reimburse the State of Nevada the net balance due as certified by the Comptroller General of the United States January 26, 1929, and printed in Senate Document No. 210, Seventieth Congress, second session, the sum of \$595,076.53."

SALE OF COTTON AND GRAIN IN FUTURE MARKETS

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1093) to prevent the sale of cotton and grain in future markets.

Mr. NORRIS obtained the floor.

Mr. CARAWAY. Mr. President, will the Senator permit me to resubmit my unanimous-consent agreement?

Mr. NORRIS. With the understanding that I shall not lose the floor, I yield to the Senator from Arkansas to submit his unanimous-consent request.

Mr. CARAWAY. Mr. President, there was a unanimous-consent agreement proposed yesterday afternoon, and at the request of the Senator from South Carolina [Mr. SMITH] it went over until this morning. Before I renew it I want to give notice of some mere verbal changes which I purpose to offer by way of amendments.

On page 1, line 8, after the word "communication," I want to strike out the words "from one" and insert in lieu thereof the words "by any firm in a"; in line 9, to strike out the words "any other" and insert in lieu thereof the words "a person in another"; and in line 11, to strike out the words "to any" and insert in lieu thereof the word "a," so as to make the paragraph read:

The word "message" shall mean any communication by telegraph, telephone, wireless telegraph, cable, or other means of communication by any firm in a State or Territory of the United States or the District of Columbia to a person in another State or Territory of the United States or the District of Columbia or a foreign country.

On page 2, line 20, after the word "delivered," strike out the word "or," before "received," and insert the word "and," so as to make the clause read "without intending that such cotton or grain shall be actually delivered and received."

On page 3, line 8, after the word "or," insert the word "by," so the clause will read "or by both such fine and imprisonment."

On page 3, in line 14, after the word "message," strike out the word "and" and insert the word "an," so the clause will read "furnish to the person transmitting such message an affidavit."

At the end of the bill, on page 7, add a new section, as follows:

Sec. 9. This act shall take effect 12 months after its passage.

The VICE PRESIDENT. If there is no objection, the amendments are agreed to en bloc. The Chair hears no objection, and it is so ordered.

Mr. CARAWAY. I now submit the unanimous-consent agreement which was sent to the desk on yesterday and ask that it may be read.

The VICE PRESIDENT. The proposed unanimous-consent agreement will be read.

The CHIEF CLERK. The Senator from Arkansas asks unanimous consent that, beginning at 4 o'clock p. m. on the calendar day of February 13, 1929, no Senator shall speak more than once or longer than 20 minutes on the bill S. 1093 or any amendment that may be pending thereto.

Mr. DILL. Mr. President, there ought to be a quorum here before the agreement is entered into.

Mr. CURTIS. It does not require a quorum.

Mr. DILL. It does not require it, but it is in effect a closing of debate.

Mr. NORRIS. Will the Senator wait to present his unanimous-consent agreement, if there is going to be a point of no quorum made?

Mr. DILL. I have no objection to the request, but I think it is very bad practice, because it is in effect closing debate, and I shall make the point of no quorum before it is agreed to.

Mr. CARAWAY. Very well. I will present it a little later.

MR. EDISON'S VIEWS ON PROHIBITION ENFORCEMENT, ETC.

Mr. HARRIS. Mr. President, on day before yesterday there was celebrated the eighty-second birthday of Thomas A. Edison, one of the great men of the world. I send to the clerk's desk a part of a statement which he made while President-elect Hoover was his guest, and ask that the clerk may read it.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

He (Mr. Edison) said the increasing stock speculations will cause ultimate panic; that the \$24,000,000 additional prohibition enforcement fund should be voted; that the Government should not go into the public-utility business; and that the United States should have a navy on a parity with Great Britain.

ELECTRIC LIGHT RATE IN THE UNITED STATES AND CANADA

Mr. NORRIS. Mr. President, several days ago in some remarks that I made in the Senate I drew a comparison between the electric light rates charged along the Canadian border by Canadian municipalities and American municipalities. I followed that a day or two later with a comparison of rates that are charged for electricity in the State of New York comparing the rates there by private companies with the rates charged by the municipal plant owned at Jamestown, N. Y. In the course of my remarks I inserted in the Record a table giving the top electric light rates charged by quite a large number of municipalities in the State of New York where they are supplied with electricity by private corporations. In that table there were three places where the rates were designated as flat rates. In that class was the city of Binghamton, N. Y. In the table it was stated that there was a flat rate in Binghamton of 15 cents per kilowatt-hour.

Shortly after that time I received a letter from the manager of the Chamber of Commerce of Binghamton, N. Y., calling my attention to the fact that the table had misquoted the rate charged in that city by the private corporation supplying electricity to the municipality. In the letter of the manager of the Chamber of Commerce of Binghamton there was inclosed a rate sheet showing the rates as charged by the private company. Upon examination of the rate sheet I discovered that it had not yet gone into effect and that the rates to be charged as shown on the rate sheet would not go into effect until March 7.

I answered the letter of the chamber of commerce telling them that I would be glad to correct any error if one had been made, but calling the attention of the representative of the chamber of commerce to the fact that the rate sheet which he inclosed was still ineffective. I called his attention also to the fact that the table which I had inserted in the Record and which contained the only reference I had made to Binghamton in my remarks had been taken, as I stated in my remarks at the time, from a magazine article printed in a magazine of November, 1928.

In his answer to that letter of mine he stated that while it was true that technically the rates had not yet gone into effect, yet, as a matter of fact, the rates, while not legally effective, had been put into effect and were in effect at the present time in Binghamton.

An examination of what I said in the Senate will reveal the fact, as I have stated, that I made no reference to Binghamton except that I put the table in the Record, and Binghamton was one of the towns included in the table. I stated at the time I did it that the table was taken from the magazine, Public Ownership, and that the date of the magazine wherein the table was included was November, 1928, and that the table was taken from an article in that magazine written by a Mr. Carlson, who was an ex-mayor of the city of Jamestown; so I gave exactly the source of my information.

At the same time I wrote the chamber of commerce I wrote Mr. Carlson and called his attention to the fact that the city of Binghamton through its chamber of commerce had challenged the rate and asked him what was the source of his information. Mr. Carlson said in his letter in reply in part as follows:

As to the letter of the manager of the Binghamton Chamber of Commerce alleging that the Binghamton rate had been misquoted in my article, I wish to say that my figures were obtained from the 1927 report of the bureau of municipal information at Albany, N. Y. It is not improbable that there was a misprint in the report or that a subsequent reduction has been made, as indicated by the manager of the Binghamton Chamber of Commerce.

In view of this fact I feel as you do that a statement should be made correcting the first report.

In this connection I wish to call attention to the fact that the city of Jamestown has also filed a proposed reduction in rates with the Public Service Commission of the State of New York on which action is now pending and to which the Niagara company are now protesting.

It will be remembered that the city of Jamestown owns its own electric plant and claims to have, as the table shows, the cheapest rate of any municipality in the State of New York. I continue reading from Mr. Carlson's letter:

I am inclosing herewith our proposed classification of reduction, and which, when effective, will, you will observe, give the people of the city of Jamestown, under its municipal plant, a rate which is more than 50 per cent less than the rate now promised by a private company to the people of the city of Binghamton.

Regretting that the discussion should have given the people of Binghamton any offense, and thanking you for your interest in the matter, I remain,

Very sincerely,

SAMUEL A. CARLSON.

I think that explains sufficiently how the error came about. There is no doubt in my mind that the table of rates from which Mr. Carlson quoted the Binghamton rate was in effect at the time he secured the information, but since that time there have been several reductions.

I am very glad, indeed, to correct the error that exists in the table put into the Record as to the rate charged in Binghamton. I think the writer of the article secured his information from a very reliable source, and at the time he secured it from that source undoubtedly the information was correct, but the rate has been reduced since.

The manager of the Binghamton Chamber of Commerce, Mr. Johnson, in his letter to me gives an example of what the existing rates would be in Binghamton. Their rates are rather complicated and they do not have the rates, as most cities do, commencing at a certain figure and grading down, but they have a rate made up of two items, an energy charge, which is charged for electricity consumed, and a service charge. This service charge varies with the size of the house. A 6-room house consuming a certain amount of electricity would have a certain bill to pay, but for the same amount of electricity consumed during the month a larger house would have a different bill to pay. To simplify the matter, the representative of the chamber of commerce has given an illustration of what the charges would be. He says in his letter:

The rate is made up of a demand charge based on the size of the home and an energy charge for kilowatt-hours used. For example, an average home might be considered as follows: Six rooms, hall, bath, porches, and cellar.

This constitutes a total of 10 demand units, or a total demand charge of \$1.40.

That is, every month that charge would have to be paid, regardless of the amount of electricity consumed.

For various uses per month of energy bills are arrived at as follows.

Then he gives three examples of the charge for such a house. Remember, it is a house of six rooms; it has a hall in addition and a bath, porch, and cellar.

For monthly use—

He is computing now what it would cost if the owner of the house used and consumed in one month 20 kilowatt-hours—

Twenty kilowatt-hours at a maximum rate of 9 cents per kilowatt-hour, \$1.80; average rate, 9 cents.

That seems to be the top rate. He gives an illustration of the charge for the same house if it should consume 50 kilowatts a month, as follows:

Demand charge, \$1.40; 50 kilowatt-hours, at 4 cents, \$2; total bill, \$3.40; average, 6.8 cents per kilowatt-hour.

Then he gives another illustration of the charge for the same house, assuming that it consumed 200 kilowatt-hours, a very large amount for an ordinary house in places where electricity is not cheap.

For monthly use of 200 kilowatt-hours the items would be as follows:

Demand charge, \$1.40; 100 kilowatt-hours, at 4 cents, \$4; 100 kilowatt-hours, at 3 cents, \$3; total bill, \$8.40; average rate, 4.2 cents.

Taking the same house and assuming that it consumes 500 kilowatt-hours, the items would be as follows:

Demand charge, \$1.40; 100 kilowatt-hours, at 4 cents, \$4; 400 kilowatt-hours, at 3 cents, \$12; average, 3.48 cents per kilowatt-hour; total bill for the month, \$17.40.

Let me digress here to say that I presume in the city of Binghamton there are very few residents, indeed, perhaps not a single one, in a house of that size who consume 500 kilowatt-hours a month.

Taking the new rate that the municipal plant at Jamestown has applied for, and using for illustration the same house consuming the same amount of electricity, I have figured out what the same consumer would have to pay if his home were in Jamestown instead of in Binghamton. That comparison is exceedingly interesting, and I should like the people of Binghamton, if they are interested in this matter, to see just how much more they are paying for electricity from a privately owned plant there than is paid by the residents of the city of Jamestown, where the municipality owns the plant.

Take the first illustration given by Mr. Johnson, the manager of the Chamber of Commerce at Binghamton, of a house of six rooms which has in addition a hall, a bath, a porch, and a cellar. The average rate there is 9 cents and the total bill is \$1.80. If the owner of that house had lived in Jamestown, where there is a municipally owned plant and the rates were in force for which they have applied, but which the Power Trust is trying to prevent them from obtaining, his bill would have been 80 cents instead of \$1.80.

In the second illustration given by Mr. Johnson, who, I repeat, is the manager of the Chamber of Commerce at Binghamton, where the owner of a 6-room house uses 50 kilowatt-hours in a month, he has to pay under the new rate in Binghamton \$3.40. If that little home were in Jamestown, and if the same amount of electricity should be used, the owner under the new rates there would have to pay but \$2.

Let us take the next illustration, one where it is assumed that the owner consumes 200 kilowatt-hours in a month. In Binghamton, under the figures given by the chamber of commerce, the consumer had to pay \$8.40, but if he had moved his house at the beginning of that month over to Jamestown, and had lived there, and had consumed the same amount of electricity from the municipal plant under their new rates, he would have had to pay \$6.13 for his electricity.

Take the other illustration. In case the owner of this little house in Binghamton consumed 500 kilowatt-hours in a month, he would have to pay in Binghamton \$17.40—I am taking the figures given by the Chamber of Commerce of Binghamton—but if he had lived in Jamestown, under their new rates, where the plant is operated by the municipality, he would only have had to pay \$13.63; \$17.40 in Binghamton, \$13.63 in Jamestown.

So, while there was an error—and I am glad to correct it—at the same time, in making comparison on the true basis from the figures given by the chamber of commerce, we get the results that I have just given to the Senate.

While I am making comparisons for the State of New York, I might add another one. I have here an article written by Mr. James Malcolm, editor State Service, of Albany, N. Y., in which he compares the rates charged in the State of New York with the rates charged in Ontario, Canada, which is just across the line. That comparison is along the same line as the one I have heretofore given to the Senate, except I confined myself closely to the international boundary line, while he goes over the whole State. He inserts in his article a table that is exceedingly interesting. He says—and in this statement he tells where he got the table:

The public committee on power in New York State, a nonpartisan committee aiming to protect the interests of small consumers, recently prepared the following table comparing rates for domestic consumers in this State and in Ontario.

At this point, Mr. President, I desire to have inserted in the Record without reading the table referred to.

The VICE PRESIDENT. Without objection, it is so ordered. The table is as follows:

I	II	III	IV	V	VI	VII	VIII
Ontario city with population	Average monthly service (kilowatt-hour)	Average monthly bill	Adding 1 cent allowance per kilowatt-hour to bill	Cities in New York State of similar size	Cost of same amount of service monthly	Difference per month, after allowance	Difference per year, after allowance
Brantford..... 28,010	122	\$1.84	\$3.06	Kingston.....	\$7.68	\$4.62	\$55.44
				Mount Vernon, White Plains.....	12.34	9.28	111.36
				Cohoes.....	8.10	5.04	60.48
Chatham..... 14,120	71	1.50	2.21	Lockport.....	4.24	2.03	24.36
			2.21	Middletown.....	7.42	5.21	62.52
Galt..... 12,690	132	2.37	3.69	Batavia.....	3.27	1.56	18.72
				Glen Cove.....	13.65	9.96	119.52
				Johnstown.....	13.20	9.51	114.12
				Oneida.....	12.17	8.48	101.76
Guelph..... 19,220	79	1.48	2.27	Watervliet.....	14.48	10.79	129.68
Hamilton..... 122,240	109	1.74	2.83	Gloversville.....	7.90	5.63	67.56
				Utica.....	7.15	4.32	51.84
				Syracuse.....	6.49	3.66	43.92
Kitchener..... 24,800	131	2.07	3.38	Richmond, Borough of.....	5.91	3.08	36.96
Kingston..... 21,600	49	1.54	2.03	Amsterdam.....	11.79	8.41	100.92
London..... 63,340	116	1.77	2.93	Ogdensburg, Oswego.....	4.41	2.38	28.56
				Schenectady.....	5.84	2.91	34.92
Niagara Falls..... 16,800	208	2.54	4.62	Binghamton.....	5.74	2.81	33.72
Ottawa..... 118,090	179	1.75	3.54				
Owen Sound..... 12,230	65	1.25	1.90	Albany.....	14.32	10.78	129.36
				Yonkers.....	15.32	11.78	141.36
				Cortland.....	5.28	3.38	40.56
				Fulton.....	3.63	1.73	20.76
				Hudson.....	5.85	3.95	47.40
			1.45	Tonawanda.....	4.05	2.60	31.20
Peterborough..... 21,730	66	1.43	2.09	Poughkeepsie, Newburgh.....	6.60	4.51	54.12
Port Arthur..... 17,020	120	1.80	2.16	North Tonawanda.....	4.05	1.89	22.68
St. Catharines..... 21,810	124	1.70	2.94	Rome.....	5.36	2.42	29.04
St. Thomas..... 17,150	93	1.50	2.43	Hornell.....	9.80	7.37	88.44
Sarnia..... 15,600	81	1.69	2.50	Geneva.....	6.88	4.38	57.36
				Glen Falls, Saratoga Springs.....	7.29	4.79	57.68
Stratford..... 18,890	147	2.73	4.20	Corning.....	11.69	7.49	89.88
Toronto..... 542,190	94	1.63	2.57	Ithaca.....	17.64	13.44	161.28
				Rochester.....	4.91	2.34	28.08
				Bronx, Brooklyn, Manhattan.....	6.58	4.01	48.22
			2.91	Queens, Borough of.....	7.52	4.95	59.40
Welland..... 8,940	114	1.88	3.02	Buffalo.....	4.36	2.44	29.28
				Canandaigua.....	5.13	2.11	25.32
				Mechanicsville.....	11.31	8.29	99.48
Windsor..... 52,640	125	2.32	3.57	Norwich.....	15.96	12.94	155.48
				Auburn.....	9.95	6.38	76.56
				New Rochelle.....	12.62	9.05	109.10
				Troy.....	10.00	6.43	77.16
Woodstock..... 10,120	125	1.91	2.70	Niagara Falls.....	5.40	2.70	32.40
			3.16	Oneonta.....	15.98	12.82	153.84
				Plattsburg.....	14.55	11.39	136.68
				Rensselaer.....	7.90	4.74	56.88

Mr. NORRIS. I wish to call attention to some of the items in the table. First, however, let me tell the Senate about one of the columns in the table, Column IV. The table takes 21 cities in Ontario, and then a number of cities, 40 or 50, that compare in population with the various Ontario cities; it gives the rates in Ontario and computes what the rates would be in the State of New York. In order to meet an objection that is made, the gentleman who prepared the table added to the Ontario rates 1 cent a kilowatt-hour on account, as he says, of their not paying taxes. This is shown in Column IV. In Ontario the hydroelectric commission that generates and distributes the electricity to the municipalities does pay taxes. The municipalities, however, owning the distributing systems do not pay taxes. So it is not right to say that the system in Ontario pays no taxes, but the one who prepared this table adds for taxes 1 cent a kilowatt-hour to every rate that he gives for Canada. Every student of the subject knows that that is an excessive amount to add for taxes. Without having definite information, but from my general information on the subject, I should say that there is not in the State of New York a private corporation generating electricity that pays as taxes as much as 1 cent a kilowatt-hour on the amount it generates. As a rule, the taxes such a corporation pays will amount to from 2 to 3 to 4 mills a kilowatt-hour instead of 1 cent; but it will be noted, on examination of this table, that even after adding a cent for taxes, which, in my judgment, is three times as much as ought to be added, and in this case four times as much, because the Canadian system does pay some taxes, still the advantage is always in favor of the Canadian cities.

In the list of American cities with which the comparison is made is Binghamton. Since Binghamton is interested in what I have been saying about rates, I should like to call the attention of the people of that city to how they show up in the table. The rates in Binghamton are compared with those in London, Ontario, because the cities are nearly the same in size. The average monthly consumption for domestic service in the city of London, Ontario, is 116 kilowatt-hours. That is more than

three times as much as the average consumption for domestic service in the United States.

As a matter of fact, taking the State of New York over, the average consumption of electricity for domestic service will be a little over 30 kilowatt-hours per month, while the average consumption in all the Province of Ontario, under its publicly owned system, is nearly 100 kilowatt-hours. In other words, the average consumption in Ontario, compared with the average consumption in the homes in the United States, is more than three times greater; and the consumption always goes up when the rates go down. The average consumption, as I have said, in London, Ontario, is 116 kilowatts a month, and the average bill for that electricity in the city of London is \$1.77, which is considerably less than 2 cents a kilowatt-hour. There has been added to that for taxes 1 cent a kilowatt-hour, which makes the average bill \$2.93, as shown in column 4. If a resident of Binghamton, N. Y., had consumed the same amount of electricity during the same month, his bill would have been \$5.74—a difference in favor of the Ontario city of \$2.81, and a difference in one year in the amount the customer would pay of \$33.72.

Mr. HEFLIN. Mr. President—

Mr. NORRIS. I have figured it out without allowing the 1 cent for tax. It is perfectly unreasonable to allow 1 cent a kilowatt-hour for tax, especially when compared with the Canadian city, where at least some taxes are paid. I have made a computation, and I find that comparing the city of Binghamton with the city of London, over in Ontario, the average amount of electricity used in London in domestic service is 116 kilowatt-hours per month. The same amount of electricity in Binghamton would cost \$5.74, as I have said; but if we omit adding 1 cent for taxes, the difference for that month in favor of the consumer in London, Canada, over the consumer in Binghamton is \$3.97, practically \$4 in one month; and in one year the consumer in Binghamton pays \$47.64 more for his electricity than he would have paid if he had lived in London, Canada, and paid the rates there under the publicly owned system.

I now yield to the Senator from Alabama.

Mr. HEFLIN. That was the question I was going to ask the Senator—the difference between the price in New York and in Canada. He has already answered it.

Mr. NORRIS. Now, let us take another one out of this table. Brantford, over in Canada, has a population of 28,000. Let us compare it with Mount Vernon-White Plains, N. Y. The average monthly consumption in Brantford, Canada, in domestic service, is 122 kilowatt-hours. The same amount of electricity over in Mount Vernon-White Plains would cost \$12.34. In Ontario, at Brantford, it costs \$3.06, even after adding 1 cent a kilowatt-hour for taxes. In one year the home-owner over in Mount Vernon, N. Y., would pay \$111.36 more for 122 kilowatt-hours than he would have paid in Canada, even if 1 cent were added for every kilowatt-hour over in Canada.

Mr. WAGNER. Mr. President—

Mr. NORRIS. I yield to the Senator from New York.

Mr. WAGNER. I merely desire to correct what I think was an inadvertence in the Senator's answer to the question of the senior Senator from Alabama when he stated that the rates charged in New York and in Canada in all instances had that disparity. Let me ask the Senator if it is not a fact that that disparity does not exist between the rates charged by plants owned and operated by a municipality in the State of New York and the rate charged by the publicly owned plants in Canada?

Mr. NORRIS. I have not made any comparison of that kind, but without making it I will say just in a general way that I think the Canadian rate would be lower even than the municipally owned rate, for instance, at Jamestown, for the reason that in Ontario, Canada, they have what is called a superpower system, and by organizing a superpower system and supplying a whole territory or a whole State with electricity it can be generated and sold cheaper than if every municipality had its own generating plant. In the city of Jamestown, in the Senator's State, with which I have been comparing some of these rates, the electricity is made from coal, and, as the Senator knows, the competing company in Jamestown gets its electricity from Niagara Falls; and yet this competing company supplies its customers outside of the limits of the municipality, so this article said that I read the other day, at nearly twice what it charges within the city limits. So, although this privately owned company is getting cheap power from Niagara Falls, and is competing with a municipal plant that must generate its electricity from coal and that must ship its coal in from the coal fields, the privately owned company is objecting right now before the Public Service Commission of New York to the application of the municipality to reduce its rates.

Mr. WAGNER. Mr. President, what I meant to suggest was that the disparity does not exist to the same extent when we compare the rates of the publicly owned and operated plant in New York with the rates of the publicly owned and operated plant in Canada.

Mr. NORRIS. No; not by any means. All these rates that I put in the Record the other day for electricity supplied by private companies in various New York municipalities are much higher, and, as this letter of Mr. Carlson says, in some places more than double what the municipally owned plant at Jamestown is charging its customers and making money while it is doing it.

SALE OF COTTON AND GRAIN IN FUTURE MARKETS

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1093) to prevent the sale of cotton and grain in future markets.

Mr. DILL. Mr. President, there is pending a unanimous-consent request for a limitation of debate. I rose for the purpose of making the point of no quorum. The Senator from Nebraska [Mr. NORRIS] asked me to yield so that he might make his remarks.

I desire to say that I have no opposition to the agreement for a limitation of debate; but I shall make the point of no quorum for the reason that I think a limitation of debate, since it has the effect ultimately of ending debate, ought to come under the rule which prohibits an agreement to end debate and take a vote except after the roll has been called.

I am for the bill, and I am in favor of this limitation of debate; but I make the point of no quorum because I feel that there should be a quorum here before any such unanimous-consent agreement is acted on.

Mr. HEFLIN. Mr. President, at what time will the Senate proceed to the Hall of the House of Representatives?

The VICE PRESIDENT. Without objection, the Senate will at 12:55 o'clock proceed to the Hall of the House of Representatives.

Mr. DILL. That will give time. I make the point of no quorum.

The VICE PRESIDENT. The absence of a quorum is suggested. The Secretary will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Ashurst	Edwards	King	Smith
Barkley	Fess	McMaster	Smoot
Bayard	Fletcher	McNary	Steck
Bingham	Frazier	Mayfield	Steiwer
Black	George	Moses	Stephens
Blaine	Gerry	Neely	Swanson
Blease	Gillett	Norbeck	Thomas, Idaho
Borah	Glass	Norris	Thomas, Okla.
Bratton	Glenn	Nye	Trammell
Brookhart	Goff	Oddie	Tydings
Broussard	Gould	Overman	Tyson
Bruce	Greene	Philips	Vandenberg
Burton	Hale	Pittman	Wagner
Capper	Harris	Ransdell	Walsh, Mass.
Caraway	Harrison	Reed, Pa.	Walsh, Mont.
Copeland	Hastings	Robinson, Ark.	Warren
Couzens	Hayden	Schall	Waterman
Curtis	Healin	Sheppard	Watson
Dale	Johnson	Shipstead	Wheeler
Deneen	Jones	Shortridge	
Dill	Kendrick	Simmons	
Edge	Keyes		

Mr. BLAINE. I desire to announce that my colleague [Mr. LA FOLLETTE] is unavoidably absent. I ask that this announcement may stand for the day.

Mr. NORRIS. I desire to state that my colleague the junior Senator from Nebraska [Mr. HOWELL] is necessarily absent from the Senate on account of illness.

The VICE PRESIDENT. Eighty-five Senators having answered to their names, a quorum is present.

Mr. CARAWAY. Mr. President, I wish to renew my request for unanimous consent to limit debate on the pending bill.

The VICE PRESIDENT. The clerk will read the unanimous-consent request of the Senator from Arkansas.

The Chief Clerk read as follows:

Agreed, by unanimous consent, that, beginning at 4 o'clock p. m. on the calendar day of February 13, 1929, no Senator may speak more than once or longer than 20 minutes upon the bill (S. 1093) to prevent the sale of cotton and grain in future markets, or any amendment that may be pending thereto.

The VICE PRESIDENT. Is there objection?

Mr. BLACK. Mr. President, this is a very important bill, especially to the South and to the West, and while I do not know that I shall say anything at all on it myself, I do not think I shall. I do not believe it is proper to cut off debate at 4 o'clock this afternoon to the extent suggested. If the request is made for to-morrow afternoon, I shall not object.

Mr. RANSDELL. I hope the Senator from Alabama will not object. We have debated the bill very fully, and under the terms of the unanimous-consent agreement suggested by the Senator from Arkansas we can still have 20 minutes on the bill and 20 minutes on any amendment that may be pending.

Mr. CARAWAY. Any Senator could have 40 minutes. There is to be an amendment offered, and any Senator who desires could have 40 minutes, 20 on the bill and 20 on the amendment.

Mr. RANSDELL. I do not wish to press my views too much, but I think we can have the bill pretty fully discussed under the 20-minute suggestion, with an additional 20 minutes on the amendment, as the Senator suggests.

Mr. BLACK. I think the probability is that we shall get through with the debate more quickly if there be no limit at all.

Mr. SIMMONS. The unanimous-consent request provides for 20 minutes on the bill and 20 minutes on any amendment pending?

Mr. CARAWAY. That is my interpretation of it. That is what I intended.

Mr. SIMMONS. I think that would be ample.

Mr. RANSDELL. It is 20 minutes on the amendment and 20 minutes on the bill?

Mr. CARAWAY. Yes.

Mr. RANSDELL. That is what I understood.

Mr. BLACK. I am perfectly willing to agree to a limitation to go into effect to-morrow afternoon at 4 o'clock, but I am not willing to agree to a limitation to-day.

Mr. CARAWAY. I hope that debate will have been exhausted under the ordinary process before that time. I shall not request that we have a limitation to-morrow, because I think we will have disposed of the bill long before 4 o'clock to-morrow.

The VICE PRESIDENT. Objection is made.

CADETSHIPS IN THE COAST GUARD

Mr. BINGHAM. Mr. President, a few days ago when the Senate passed a bill authorizing the erection of new Coast Guard buildings at New London a question was asked by the Senator from North Carolina as to how appointments are made for cadetships at the Coast Guard Academy. I have just re-

ceived from the Treasury Department an announcement of a competitive examination for the appointment of cadets to be held in June, and in view of the interest taken by certain Senators in that matter, I ask that the announcement may be read and printed in the RECORD.

The VICE PRESIDENT. The clerk will read, as requested. The Chief Clerk read as follows:

THE UNITED STATES COAST GUARD WILL HOLD A COMPETITIVE EXAMINATION FOR APPOINTMENT OF CADETS JUNE 26-28, 1929

An exceptional opportunity is offered young men of the right caliber to complete their education at Government expense and to become commissioned officers in the United States Coast Guard, one of the military services of the United States afloat and ashore.

The age limits for appointment of cadets are 18 to 22 years. An applicant who has passed his twenty-second birthday is ineligible for appointment.

Cadets are trained and educated at the Coast Guard Academy, New London, Conn., and each summer are taken on an extended practice cruise. Cadets receive the same pay and allowances as midshipmen in the Navy (\$780 per annum and one ration per day—80 cents).

Upon graduation, after three years at the academy, a cadet is eligible to be commissioned an ensign. Commissioned officers in the Coast Guard rank with officers in the Army, Navy, and Marine Corps, and receive corresponding pay and allowances, grade for grade.

Educational examination for cadets precedes the physical and takes two days. Applicants for cadetship of the required moral character who present satisfactory certificates that they have completed the equivalent of a 4-year high-school course and have received 14 credits in subjects prescribed by Coast Guard headquarters are required to take a written examination in mathematics (algebra and geometry), history, and English. A high-school graduate should be able to pass the examination.

The examination is strictly competitive and is open to young men who possess the qualifications with respect to age, education, and character. Examinations will be held at such places throughout the United States where it is found practicable to have examining boards and the number of candidates warrant.

The successful candidates who are tendered appointments will be ordered to report to the Superintendent of the Coast Guard Academy on or about September 1, 1929. They will be allowed 5 cents per mile to cover travel expenses from the place of appointment to the academy. Upon arrival at the academy a cadet will be required to deposit the sum of \$200 to be applied to the purchase of necessary uniforms and equipment. Pay and allowances received are adequate to cover all expenses while at the academy.

For further particulars write to the Commandant United States Coast Guard, Washington, D. C.

JANUARY 29, 1929.

Mr. ASHURST. Mr. President, I wish to ask the Senator from Connecticut if he will not also include in the RECORD a statement of the places where such examinations are to be held, if he has such information.

Mr. BINGHAM. I have nothing further in regard to the matter except what was read.

Mr. ASHURST. I ask to have appended to the announcement just read a list of the places at which examinations will be held. I obtained the list from Coast Guard headquarters this morning.

The list was ordered to be printed in the RECORD, as follows:

COAST GUARD HEADQUARTERS,
Washington, D. C., January 30, 1929.

LIST OF CITIES WHERE EXAMINATIONS WILL BE HELD ON JUNE 26-28, 1929, FOR APPOINTMENT OF CADETS TO THE UNITED STATES COAST GUARD

Portland, Me.; Boston, Mass.; New London, Conn.; Buffalo, N. Y.; New York, N. Y.; Philadelphia, Pa.; Pittsburgh, Pa.; Baltimore, Md.; Washington, D. C.; Norfolk, Va.; Charleston, W. Va.; Raleigh, N. C.; Columbia, S. C.; Atlanta, Ga.; Jacksonville, Fla.; Miami, Fla.; Mobile, Ala.; Nashville, Tenn.; Louisville, Ky.; New Orleans, La.; Jackson, Miss.; Cincinnati, Ohio; Cleveland, Ohio; Lansing, Mich.; Sault Ste. Marie, Mich.; Indianapolis, Ind.; Chicago, Ill.; Milwaukee, Wis.; St. Paul, Minn.; Des Moines, Iowa; St. Louis, Mo.; Kansas City, Mo.; Little Rock, Ark.; Bismarck, N. Dak.; Pierre, S. Dak.; Omaha, Nebr.; Wichita, Kans.; Oklahoma City, Okla.; Dallas, Tex.; Galveston, Tex.; San Antonio, Tex.; El Paso, Tex.; Helena, Mont.; Cheyenne, Wyo.; Denver, Colo.; Santa Fe, N. Mex.; Boise, Idaho; Salt Lake City, Utah; Phoenix, Ariz.; Seattle, Wash.; Portland, Oreg.; San Francisco, Calif.; Los Angeles, Calif.

COUNT OF THE ELECTORAL VOTE

The VICE PRESIDENT (at 12 o'clock and 53 minutes p. m.). Pursuant to law, and under the order of the Senate, the Senate will now proceed to the Hall of the House of Representatives for

the purpose of counting the electoral vote for President and Vice President of the United States. At the conclusion of the joint session the Senate will return to its Chamber, the report of the tellers will be made to the Senate, and the Senate will then resume its regular business. It should be understood that this is not an adjournment.

Thereupon the Senate, preceded by the Vice President, the Secretary, and the Sergeant at Arms, proceeded to the Hall of the House of Representatives for the purpose of participating in the count of the electoral vote for President and Vice President of the United States.

The Senate returned to its Chamber at 1 o'clock and 37 minutes p. m., and the Vice President resumed the chair.

Mr. SMOOT. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Edwards	King	Smith
Barkley	Fess	McMaster	Smoot
Bayard	Fletcher	McNary	Steak
Bingham	Frazier	Mayfield	Stetson
Black	George	Moses	Stephens
Blaine	Gerry	Neely	Swanson
Blease	Gillett	Norbeck	Thomas, Idaho
Borah	Glass	Norris	Thomas, Okla.
Bratton	Glenn	Nye	Trammell
Brookhart	Goff	Oddie	Tydings
Broussard	Gould	Overman	Tyson
Bruce	Greene	Phipps	Vandenberg
Burton	Hale	Pine	Wagner
Capper	Harris	Pittman	Walsh, Mass.
Caraway	Harrison	Ransdell	Walsh, Mont.
Copeland	Hastings	Reed, Pa.	Warren
Couzens	Hayden	Robinson, Ark.	Waterman
Curtis	Hellin	Schall	Watson
Dale	Johnson	Sheppard	Wheeler
Deneen	Jones	Shipstead	
Dill	Kendrick	Shorridge	
Edge	Keyes	Simmons	

The VICE PRESIDENT. Eighty-five Senators having answered to their names, a quorum is present.

Mr. SHORTRIDGE. Mr. President [reading]:

The undersigned, SAMUEL M. SHORTRIDGE and WILLIAM H. KING, tellers on the part of the Senate, and CHARLES L. GIFFORD and LAMAR JEFFERS, tellers on the part of the House of Representatives, report the following as the result of the ascertainment and counting of the electoral vote for President and Vice President of the United States for the term beginning on the 4th day of March, 1929:

Electoral votes of each State	States	For President		For Vice President	
		Herbert Hoover, of California	Alfred E. Smith, of New York	Charles Curtis, of Kansas	Joseph T. Robinson, of Arkansas
12	Alabama		12		12
3	Arizona	3		3	
9	Arkansas		9		9
13	California	13		13	
6	Colorado	6		6	
7	Connecticut	7		7	
3	Delaware	3		3	
14	Florida	6		6	
4	Georgia		14		14
4	Idaho		4		4
29	Illinois	29		29	
15	Indiana	15		15	
13	Iowa	13		13	
10	Kansas	10		10	
13	Kentucky	13		13	
10	Louisiana		10		10
6	Maine	6		6	
8	Maryland	8		8	
18	Massachusetts		18		18
15	Michigan	15		15	
12	Minnesota	12		12	
10	Mississippi		10		10
18	Missouri	18		18	
4	Montana	4		4	
8	Nebraska	8		8	
3	Nevada	3		3	
4	New Hampshire	4		4	
14	New Jersey	14		14	
3	New Mexico	3		3	
45	New York	45		45	
12	North Carolina	12		12	
5	North Dakota	5		5	
24	Ohio	24		24	
10	Oklahoma	10		10	
5	Oregon	5		5	
38	Pennsylvania	38		38	
5	Rhode Island		5		5
9	South Carolina		9		9
5	South Dakota	5		5	
12	Tennessee	12		12	
20	Texas	20		20	
4	Utah	4		4	

Electoral votes of each State	States	For President		For Vice President	
		Herbert Hoover, of Cali- fornia	Alfred E. Smith, of New York	Charles Curtis, of Kan- sas	Joseph T. Robin- son, of Arkansas
4	Vermont.....	4	-----	4	-----
12	Virginia.....	12	-----	12	-----
7	Washington.....	7	-----	7	-----
8	West Virginia.....	8	-----	8	-----
13	Wisconsin.....	13	-----	13	-----
3	Wyoming.....	3	-----	3	-----
531	-----	444	87	444	87

SAMUEL M. SHORTRIDGE,
WILLIAM H. KING,
Tellers on the part of the Senate.

CHARLES L. GIFFORD,
LAMAR JEFFERS,
Tellers on the part of the House of Representatives.

The VICE PRESIDENT (reading):

The state of the vote for President of the United States, as delivered to the President of the Senate, is as follows:

The whole number of the electors appointed to vote for President of the United States is 531, of which a majority is 266.

Herbert Hoover, of the State of California, has received for President of the United States 444 votes;

Alfred E. Smith, of the State of New York, has received 87 votes. The state of the vote for Vice President of the United States, as delivered to the President of the Senate, is as follows:

The whole number of the electors appointed to vote for Vice President of the United States is 531, of which a majority is 266.

Charles Curtis, of the State of Kansas, has received for Vice President of the United States 444 votes;

Joseph T. Robinson, of the State of Arkansas, has received 87 votes.

This announcement of the state of the vote by the President of the Senate shall be deemed a sufficient declaration of the persons elected President and Vice President of the United States, each for the term beginning on the 4th day of March, 1929, and shall be entered, together with a list of the votes, on the Journals of the Senate and House of Representatives.

SALE OF COTTON AND GRAIN IN FUTURE MARKETS

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 1093) to prevent the sale of cotton and grain in future markets.

Mr. SIMMONS. Mr. President, if there is anybody else who desires to speak at this time I shall be glad to yield to him, as I am not particularly anxious to make any remarks just at this moment.

I send to the clerk's desk and ask to have read the following letter addressed to me and signed by J. A. Taylor, chairman of the traffic committee of the Chamber of Commerce of the city of Wilmington, N. C.

I want to say, before this letter is read, that Mr. Taylor is regarded in North Carolina as authority upon the subject discussed by him in this letter. He is a large wholesale merchant in next to the largest city in the cotton-growing belt, a city from which about 500,000 bales of cotton are generally exported annually. He has been a student of questions connected with the marketing of farm products and other questions pertaining to the business of agriculture. I wish to have Mr. Taylor's letter read in full, because I think it very informative and very sound in its conclusions.

The PRESIDING OFFICER (Mr. ODDIE in the chair). The clerk will read.

The letter was read, as follows:

WILMINGTON CHAMBER OF COMMERCE (INC.),
Wilmington, N. C., February 6, 1929.

Senator F. M. SIMMONS,
Washington, D. C.

DEAR SENATOR SIMMONS: I have just received a copy of the Caraway bill, entitled "To prevent the sale of cotton and grain in future markets," and have read same with profound astonishment. There isn't a provision in the bill which, in my opinion, discovers any real knowledge of the inseparable relation of the contract market to stable values, and on the whole I consider the bill the gravest menace to agricultural interests and beg your careful consideration to the following:

1. Agricultural products being seasonal depend for their market upon some method of distributing the movement over a long period at related and fixed prices, and where such a system does not obtain the spot demand determines the market value; which means that by eliminating the

buyer for future requirements the market becomes a one-sided affair, and the seller is made the victim of the spot buyer.

2. The economic effect of a future market is to make prices for the entire production equated on the basis of supply and demand at varying prices measured by delivery periods. Were such a system not in effect the marketing of the crop would depress the price just in the degree that receipts exceeded current demand, while with the system in operation the future market sustains the spot price by distributing the supply over a long period.

3. Cotton mills are able to operate continuously only because and to the extent they can protect their future wants at ascertained and fixed costs, and the elimination of the future contract system would operate to restrict the mills to a hand-to-mouth policy and shift the burden of carrying the stock of raw material to the farmer. The practice among cotton factors is to sell to mills for long-deferred delivery, and by this facility the twofold result is accomplished, that the farmer finds an open and constant market for his product and the mills the means of future sales and continuous operation. The factor is enabled to insure these future requirements only through the machinery of the contract market, and in the nature of the case does not know, and can not know, from whom or through whom he will receive his supplies. Nor is such knowledge a matter of interest to the mills or a thing of value to the farmer; but both are vitally concerned, the one as the seller and the other as the buyer, in maintaining an open market for their needs.

4. The bill applies equally to grain and cotton, and while without accurate knowledge of the grain market, I think there is reason to believe that the commodities would be differently affected. Grain and its products have a direct consumptive market measured roughly by population, while cotton is limited to comparatively few channels of direct distribution. By reason of wide distribution grain and its products would not feel the effect of the restrictions imposed by the bill in the same degree as cotton, for while everybody is a potential consumer of cotton products, everybody is an actual consumer of grain products, and the immediate and constant current demand would likely contribute in a measure to sustain prices of these products. But the assumption conceded, the bill is vicious in principle and, if enacted, could have no other effect than to harm what it professes to help.

5. Exchange operations being necessary to stabilize prices, it follows that the freer the market the better, and economic considerations alone should regulate commercial machinery. The statute law has no place here except for defining broad fundamental principles, and commercial custom and usage should be left free to supply the means within the law.

6. The price of cotton has been unsatisfactory for several years, and the record of exchange transactions will disclose that both positively and relatively the interest of the public in the cotton market has decreased. At present, with underlying bullish conditions, the market should be doing much better, and the stagnant condition which has characterized the market for the past few months, and the decline in price which has taken place the past few weeks, can be accounted for only by the absence of public interest. What the market needs is active and sustained public interest, and if the falling away of public interest has produced the conditions described, only the imagination can fancy what would be the effect on the price of cotton should the public be forbidden by law to enter the market—and the farmer would have to bear the cumulative burden.

I hope you are in position to oppose the bill, for I can not recall a proposed piece of legislation so menacing to the interest of the South, and so calculated to disturb and disrupt a marketing system worked out through long years of world experience, and upon the integrity of which so largely depend our economic soundness and social well-being.

With personal regards,

Faithfully yours,

J. A. TAYLOR,

Chairman Traffic Committee, Chamber of Commerce.

Mr. SIMMONS. Mr. President, I also send to the desk and ask to have read a telegram from the Raleigh Clearing House Association, of Raleigh, N. C.

The PRESIDING OFFICER. The clerk will read.

The telegram was read as follows:

RALEIGH, N. C., January 28, 1929.

Hon. F. M. SIMMONS,

The Senate, Washington, D. C.:

Senator CARAWAY's bill (S. 1093) relative to hedging cotton, if passed, will be very injurious to cotton mills, and dealers and farmers urge you to oppose the measure.

RALEIGH CLEARING HOUSE ASSOCIATION.

Mr. SIMMONS. I also wish to have read from the desk a telegram from the president of the Atlantic Cotton Association, representing North Carolina and a number of other cotton-growing States.

The PRESIDING OFFICER. The clerk will read.

The telegram was read, as follows:

ATLANTA, GA., December 29, 1928.

Hon. FURNIFOLD M. SIMMONS,

Senator from North Carolina, Washington, D. C.:

Please refer to Senate bill No. 1093, introduced by Senator CARAWAY, entitled "A bill to prevent the sale of cotton and grain in future markets." The Atlantic Cotton Association numbers among its members the majority of the cotton shippers of the States of Alabama, Georgia, North and South Carolina, and Virginia, who buy and sell actual cotton for both domestic and foreign consumption and find constant use of the cotton future exchanges for hedging of their purchases and sales. Our association considers the cotton future markets an actual necessity to the marketing of the cotton crop, and further consider that the bill referred to above would result in the closing of our cotton exchanges and the disrupting of the cotton marketing system. We respectfully urge, therefore, that you vigorously oppose Senate bill No. 1093, introduced by Senator CARAWAY.

J. S. BILLINGSLEA,

President Atlantic Cotton Association.

Mr. SIMMONS. Mr. President, I shall detain the Senate for only a very short time, to give expression to some general views I have upon the subject of this bill, without any purpose or desire to enter into a detailed discussion of it.

If I understand the Caraway bill, its enactment into law would be almost sure, if not altogether certain, to close the cotton exchanges of the country. If it should have that effect, and I think it would if enacted, I believe the result would be very disastrous to the cotton interests of the South.

I do not underestimate the abuses which in recent years have crept into the various exchanges, not only the cotton exchanges but those having to do with wheat and other products. Those abuses seem to grow instead of decreasing, and undoubtedly there is necessity for some sort of legislation intended and calculated to remove those abuses, and to force those organizations to conduct business upon proper and legitimate lines.

Because a body politic is sick is no reason for its destruction. Because an institution has been abused is no reason for destroying it, if it is, in its essence and nature, when properly administered, beneficial and helpful.

I do not know of a single country, certainly I do not know of any great commercial country in the world, where there are not exchanges similar to those we have in this country for the purpose of marketing, buying, and selling certain staple products of the several countries and of the world. Great Britain has one, and Great Britain is in a certain sense almost as deeply interested in the American cotton industry as the American people themselves. Germany, France, Italy, all the great advanced nations of Europe, in which there are located factories engaged in the manufacture of cotton, are profoundly interested in that industry in this country. They all have exchanges. If the American cotton exchange is destroyed, that does not destroy the British cotton exchange or the German or French cotton exchanges. If the world price of cotton is to be fixed in the United States, as I think it is, and if the bill is passed, I do not believe that in the future the world price of cotton will be fixed in the United States. I think it will be fixed in Liverpool. If we will not permit this kind of a market in this country, of course, those who are interested in the existence of an institution where the prices of this product may be stabilized will have to transfer, and will transfer, their activities to the foreign markets, and that will result in a condition which I do not believe anyone in this country desires to bring about.

There is a great deal of talk about the effect of the exchanges upon prices. I was very much amazed on yesterday at the position taken by the distinguished Senator from Kansas [Mr. CAPPER], the author of the Capper bill, which was intended to control abuses with reference to wheat in the wheat exchanges of the country. I had been under the impression that that act had operated not entirely satisfactorily but had operated at least to remove many objectionable practices in the wheat exchange and that the wheat growers of the country, while not entirely satisfied with it, regarded it as very valuable legislation. I was surprised to hear the Senator from Kansas repudiate his measure, but I was more surprised to hear him argue that because there were certain fictitious trades, as he characterized them, in the markets by which a lot of wheat which did not exist was sold, that the amount of those sales added to the real sales deceived the public as to the amount of wheat raised in the country. The same argument, I believe, was applied to cotton, that the amount of fictitious sales was added to the amount of the actual sales and brought about a confusion of views and misunderstanding on the part of interested people as to what was the real amount of cotton or wheat pro-

duced in this country and as to what was the demand for cotton and wheat in the country.

Mr. President, I know and everybody knows that there are sold on the cotton exchanges of the country many times more bales of cotton than are produced; that there are sold upon the wheat exchanges of the country many times more bushels of wheat than are produced in the country, and that a large part of those transactions are paper transactions. But, Mr. President, nobody is deceived by those paper transactions as to the amount of cotton or wheat that is produced in the country. We have absolutely authoritative and official reports, as well as private reports, as to the amount of cotton and the amount of wheat produced in the country, and we know, not altogether exactly, but approximately, the amount of cotton and the amount of wheat that is consumed in this country and in the world, and what part of that cotton and wheat this country furnishes. We know how much wheat is produced in the world and in this country, and how much the demands of this country and of the world for wheat are, so that it makes no difference how many paper transactions take place upon exchanges, nobody of ordinary intelligence who would undertake to keep up with the market or deal with the market is deceived or can be deceived as to the amount of cotton or wheat produced or the amount of one or the other or both consumed in this country and in the world.

That was the gravamen and the basis of the argument which the distinguished Senator from Kansas made to the Senate yesterday. It has no foundation in fact. I see in front of me two Senators who, I think, know more about this question than any of their colleagues as far as cotton is concerned, the Senator from Louisiana [Mr. RANSDELL] and the Senator from South Carolina [Mr. SMITH], and I ask them if there is anything in the argument that the fictitious sales are calculated to or do mislead anybody as to the amount of actual cotton consumed and produced in this country or in the world?

Mr. RANSDELL. Mr. President, if the Senator will permit me to answer his question, I will state to him that in my judgment they do not deceive anyone. In regard to the so-called fictitious paper sales, let me remind the Senator that a former president of the New York Exchange, Mr. Marsh, in testifying before a subcommittee of the Committee on Agriculture and Forestry last year, stated that 80 to 85 per cent of all the transactions on the exchange were perfectly legitimate; that a great many of them were hedging or insurance, insuring legitimate transactions; that only about 15 to 20 per cent of them could in any way be called speculative or gambling. But they do not deceive anyone, as the Senator has so well said. We have innumerable reports from the Department of Agriculture of the Federal Government and from the State agricultural departments showing what the crops are both of cotton and wheat. No one is deceived—absolutely not.

Mr. CARAWAY. Mr. President, will the Senator yield to me just a moment?

Mr. SIMMONS. Will the Senator pardon me? If the Senator wishes to interrupt to ask a question, I have no objection. If he wants to read something, I would rather he would wait until I conclude.

Mr. CARAWAY. I want to show the Senator from Louisiana [Mr. RANSDELL] that the Chicago Board of Trade does not agree with him on that matter.

Mr. SIMMONS. I shall be glad to yield to the Senator for that purpose.

Mr. CARAWAY. A report from Chicago on March 17, 1925, showed "Trading in wheat and grains all strong. Reports that Arthur W. Cutter was getting out of his line developed a panic in the local pit during the early session. Wheat lost 14 cents a bushel." That was just on a rumor that this man was getting out, and yet he did not sell or buy a bushel of actual wheat.

Mr. SIMMONS. Mr. President, I do not deny and nobody will deny that there is speculation on the exchanges, not only in cotton and wheat but in stocks and bonds and every kind of product; and that it does temporarily dislocate the market, sometimes up and sometimes down. Corners are made and corners are broken. Combinations and control of market for a few days make a fictitious price, but are broken; and a fictitious price in the other direction is made. That is undoubtedly true, but the tendency of the exchanges properly conducted is to stabilize and fix prices and to advise the producers and consumers of the products throughout the country and the manipulators of products throughout the country of a basis upon which they can rely in their operation.

The question is of deep interest to two special industries, one the spinning industry in this country and the other the cotton-growing industry in this country. First let me briefly

and in general terms state the situation with reference to the spinners.

I think no one will underestimate the industry of cotton manufacturing in the United States. It is one of the very largest industries in the country. It gives employment to immense numbers of laborers, and in it an enormous amount of capital is invested. It is of first importance to the manufacturers that there should be a stabilization of the price of the raw material which enters into the manufactured product. They operate upon the basis of orders for future delivery. A great number of orders are received, probably enough to keep the factory in operation for months, probably half the year. They must buy their raw material in the market and pay the market price. Their goods are to be delivered later. If the price of the raw material should materially drop, say, in the case of cotton, from 20 to 12 cents a pound, and if the millers have no way of protecting themselves against that slump, then they face a very serious situation.

They face the identical situation that a man engaged in business faces when he contemplates the danger of fire. They can not safely sell on long-time orders unless there is some way in which they can insure themselves against a change in the market price of the raw cotton, which will be disastrous to them. Hence, it is the uniform custom of the millers, without exception, so far as I know—and if there is an exception, I wish the Senator from South Carolina [Mr. SMITH] would bring it to the attention of the Senate now—it is the uniform custom, just as it is the uniform custom of merchants to insure the houses in which they are doing business, to buy for future delivery, so that in case of fluctuation they may be protected. It is an insurance. It is not resorted to for purposes of speculation, but for insurance. The men who engage in this great business would find it very hazardous but for this facility by which they are enabled to protect themselves. If we should destroy the exchanges, there would be no way by which they could protect themselves through insurance; and no mortal man can tell what would be the effect of such action upon the textile industry of the country.

Mr. BROOKHART. Mr. President, will the Senator from North Carolina yield to me?

Mr. SIMMONS. I will yield, but I have not much strength to give to the few remarks that I am making.

Mr. BROOKHART. Very well. I will ask the question later of the Senator from South Carolina [Mr. SMITH].

Mr. SIMMONS. I will yield if the Senator wishes; but I merely wanted to make some general observations. I do not desire to go into any detail.

Now, Mr. President, we come to the farmer. Cotton is a peculiar product in some respects. In a modified sense, the South has a monopoly in cotton, almost a world monopoly, because we supply a very large percentage of the demand of the world. The price of cotton is regulated by supply and demand, primarily. If the machinery of the markets is open—if the facilities for sale, future and present, are open and free—the amount of cotton we produce will fix the price. If it is a very short crop, the price will be good; if it is a very heavy crop, the price will be low; but if there is no machinery to regulate the price, then, like the producer of any other general commodity that is not subject to having its price fixed or affected by exchange transactions, the cotton farmer would have to seek a market where he could find it; and the only market open to him would be that of the manufacturers.

The manufacturers, of course, are interested in getting cotton at the lowest possible price. They would have to buy stingily and live from hand to mouth, so to speak, if we should destroy the exchanges. They could not hedge against loss. They would buy in small amounts. There would be bargaining and trafficking in every community about what the price should be and what the manufacturers would give for cotton, just as there is about cattle and hogs in communities which are situated far from Chicago; as there is about eggs and chickens and other commodities of that sort. There would be no stabilized price; there would be no customer except one who is interested in forcing the price down to the lowest possible point, and that purchaser a cripple, so that he could not afford to sell on long orders, because he would have no insurance against loss. There would be a crippled purchaser, and only one purchaser, with the possibility of combinations between purchasers.

Mr. SMITH. And there would be distressed sellers.

Mr. SIMMONS. And there would be distressed sellers.

I have never seen but one time in my life when there was no cotton exchange and when there was no fixed and established price for cotton, no price that attached to a bale of cotton just the same in one part of the country as it did in another part of the country; a price that the farmer when he carried his cotton

to market knew he would get. That was in 1914. I do not know how long the period was. Some one has stated that it was three months, but I think it was longer than that. The distress in my section of the country was so great that, perhaps because I was interested in cotton, while the period during which the exchanges remained closed may have been only three months, it seemed to me a year. Cotton during that time was hawked about the streets. Some offered 5 cents a pound for it; some offered 6 cents for it; some offered 8 cents, and some one else would say, "If you will take it out in trade" or "If you will let it go on some account, I will give you 10 cents for it."

Mr. SMITH. We had the "Buy a bale of cotton" movement, as the Senator will remember.

Mr. SIMMONS. Yes. Then, because of the distress and disorganization and the lack of a fixed market price for cotton, there was started the "Buy a bale of cotton" movement throughout the country. It gained a great deal of headway and was designed to relieve the cotton farmer of the distressful situation in which he found himself as the result of this condition.

Mr. CARAWAY. Mr. President, if I may ask the Senator a question, does he believe the closing of the exchanges was the cause of the cotton market breaking?

Mr. SIMMONS. I do not think it was the only cause, but I think it was one of the chief causes.

Mr. CARAWAY. If the exchanges had stayed open, then, they would have held up the price?

Mr. SIMMONS. I think they could have done so, but I do not know that they could have stabilized the price to the same extent as now.

Mr. CARAWAY. Why did they close?

Mr. SIMMONS. I presume they closed because of world conditions.

Mr. CARAWAY. They closed because they could not control the price.

Mr. SIMMONS. I do not know why—

Mr. CARAWAY. Does the Senator have any idea?

Mr. SIMMONS. I simply know they suspended. The Senator may know the reason; I do not know the reason. I suppose it was because of general disorganization, due to world conditions, affecting world trade and interfering with world trade, that these associations decided to suspend, but I say that suspension was disastrous to the farmer.

Mr. CARAWAY. That is what I was coming to. The Senator thinks if the exchanges had stayed open the price would have been better?

Mr. SIMMONS. I think it would.

Mr. CARAWAY. Why did the men who were already long on the market quit and allow themselves to be absolutely ruined? Why did they not keep the exchanges open so that they could unload on the public, as is usually done?

Mr. SIMMONS. I suppose these exchanges are controlled by majorities, as are other bodies.

Mr. RANDELL. Mr. President, will the Senator from North Carolina permit me to read a telegram from the president of the New Orleans Cotton Exchange and one from the president of the New York Cotton Exchange setting forth why the exchanges closed?

Mr. SIMMONS. I will be glad to have the Senator do so.

Mr. RANDELL. I asked the question and have here the answers, if the Senator from North Carolina will permit me to read them. The telegrams are not very long. I wired yesterday. I will read the answer, as follows:

Exchanges closed on outbreak of World War because of chaotic conditions resulting from dislocation international finances and marine insurance, severe difficulties in shipments owing to shipping control by various governments engaged in world conflict, and because of general confusion resulting from declaration of war. American cotton exchanges remained closed from July 31, 1914, to November 14, 1914. All exchanges all over world closed at outbreak of war. As soon as conditions warranted and military control established and defined and financial conditions stabilized sufficiently, exchanges reopened. During period exchanges dealing in cotton were closed innumerable telegrams and letters were received from producers, merchants, bankers, and trade urging exchanges to reopen, because business could not be conducted in orderly manner without exchanges functioning. Spot cotton values were demoralized and irregular, prices differing as much as a cent a pound in adjacent territories. The reopening of the cotton exchanges resulted immediately in an increased demand for spot cotton and a progressive advance in cotton values.

J. P. HENICAN, President.

Mr. CARAWAY. Mr. President, may I ask the Senator a question?

Mr. RANSDELL. As soon as I read the telegram from the president of the New York Exchange I will be glad to answer any question, with the permission of the Senator from North Carolina. The telegram I have just read is from Mr. Henican, president of the New Orleans Cotton Exchange. I have here a very brief telegram from the president of the New York Cotton Exchange addressed to me, in which he says:

At request of President Henican, may inform you my cotton exchange was closed from July 31 to November 16, 1914, owing European war. Exchange was reopened at urgent request of entire trade, as during closing period price of cotton had declined the lowest in years, in spite of obvious fact that war would materially increase cotton consumption rather than the reverse. During closing period cotton sold at 5 cents in South, but exchange reopened at 7 cents, and value continued to advance to 43¢ by 1920.

GARDNER H. MILLER, *President.*

Mr. CARAWAY. Now may I ask the Senator a question?

Mr. RANSDELL. If the Senator from North Carolina will permit me, I will be glad to yield.

Mr. SIMMONS. I yield for that purpose.

Mr. CARAWAY. Neither one of the telegrams said that the exchanges thought they would have kept the price of cotton up if they had stayed open, did they?

Mr. RANSDELL. I read what they said.

Mr. CARAWAY. Did the Senator ask them that question?

Mr. RANSDELL. I asked them to tell me why the exchanges closed during that period, and this is their reply.

Mr. CARAWAY. I asked the Senator if he asked them if it would have kept the price up if the exchanges had remained open.

Mr. RANSDELL. I did not ask that.

Mr. CARAWAY. Why did not the Senator ask that?

Mr. RANSDELL. Because I was not smart enough; I did not know the Senator was going to want that information. I thought they were intelligent men, and if I asked them why the exchanges closed and remained closed they would answer me. I did ask that question and I have read their replies.

Mr. CARAWAY. The other was the question I asked the Senator, and I see he avoided asking them about it.

Mr. President, may I read something from one whom the Senator from North Carolina said a few moments ago is the greatest authority on cotton? I believe he said that the Senator from South Carolina [Mr. SMITH] knew more about it than anybody else.

Mr. SIMMONS. I did not say he knew more about it than anybody else. I said that he and Senator RANSDELL probably knew more about it than any two Senators in this body.

Mr. CARAWAY. May I read the Senator what the Senator from South Carolina said in the bill that he introduced on the 3d of last May?

Mr. SIMMONS. Certainly; I have no objection if the Senator from South Carolina has not any.

Mr. CARAWAY. He said—

that the transactions and prices of cotton on such cotton-futures exchanges are susceptible to speculation, manipulation, and control, and sudden or unreasonable fluctuations in the prices thereof frequently occur as a result of such speculation, manipulation, or control, which are detrimental to the producer or the consumer and the persons handling cotton in interstate commerce; that such speculation, manipulation, or control is frequently effectuated, and such sudden or unreasonable fluctuations of prices are at times brought about by purchases or sales of future contracts in large quantities by some person acting alone or in association with other persons or affiliations.

That is what the Senator from South Carolina last May said was the condition of the cotton trade.

Mr. SIMMONS. Mr. President, I have no brief for the cotton exchange. I have no sympathy with the gambling transactions to which the Senator from Arkansas has referred. I recognize the fact that there are speculative movements in the market on the stock exchange of a character that are very hurtful and very reprehensible; and they ought to be, if possible, suppressed. I have no defense to make of any of the abuses that have been complained of by the Senator from South Carolina or other Senators who have spoken upon this subject. I recognize that abuses have crept in, and they have grown to an extent that justifies the Government of the United States in interfering and, by reform legislation, eradicating those abuses. But, Mr. President, the question of reforming abuses in an institution that is subserving a good public purpose when legitimately conducted is a far different question from utterly destroying that system without setting up anything in its place.

I have no doubt that these speculative movements in cotton have sometimes operated very much against the farmer when the bears had control of the market; but when the bulls had control of the market they have operated in favor of the

farmer. If they are purely speculative, Mr. President, they ought to be controlled by the Government; but the transactions that take place upon the exchange that are legitimate and legal, that protect the cotton millers of this country, that furnish them a source of indemnity against loss, that establish and maintain upon a stable basis the price of the farmer's cotton, ought not to be interfered with; and these cotton mills, among the greatest industries in our country, and these cotton farmers, who produce a product that brings enormous wealth to this country, ought not to be deprived of the benefits of the legitimate operation of that institution.

Mr. HEFLIN. Mr. President, will the Senator yield right there?

Mr. SIMMONS. Yes. I am through.

Mr. HEFLIN. Just let me make a suggestion. I do not want to take the Senator from North Carolina off his feet; but I agree with the Senator that the spinner ought to have a place to hedge. When a spinner buys spot cotton, I think he ought to have an opportunity to have somebody who is willing to buy his contract to carry the insurance, as some term it. That is legitimate, because the spinner is a consumer of cotton. If the spinner has an opportunity to hedge in the present bill, that would be very helpful, indeed; and if the farmer who had spot cotton wanted to sell a contract against it, he ought to have the right to do it, and he does have that right under the provisions of this bill. The merchant who buys cotton can do the same.

That is legitimate speculation; but they speculate on the exchanges in the United States to the extent of 200,000,000 bales of cotton or more in a year. We are making a crop of only 14,000,000 bales. If we could confine this dealing to hedging, we would have contracts sold on 14,000,000 bales, and with 14,000,000 bales of spot cotton added to that, we would have 28,000,000 bales dealt in in one year as against 200,000,000 bales of fictitious stuff called cotton now bought and sold on the exchanges. I think four-fifths of that speculation is harmful. The kind of speculation that I have just mentioned is legitimate because back of every bale sold on contract there would be a bale of actual cotton.

Mr. RANSDELL. Mr. President, will the Senator from North Carolina permit me to answer just that point?

Mr. SIMMONS. I am through.

Mr. RANSDELL. Let me make just one brief statement, then.

Mr. SIMMONS. I think I answered the statement of the Senator before he made it, and I do not think I ought to repeat it.

Mr. RANSDELL. I only want to say to the Senator, as I am sure he will remember, that when we were having our hearings last year the Senator from South Carolina [Mr. SMITH] was presiding, and this question was asked of Mr. Marsh, who, as the Senator will recollect, was prosecuting—I do not think I use the term improperly—the firm of Mr. Henry Clayton, of Texas; and I do not know but that the Senator from Alabama may have asked the question:

What percentage of the transactions on the cotton exchanges are really legitimate hedging, and what percentage of the transactions are speculative?

Mr. Marsh answered that 80 to 85 per cent were legitimate, and only 15 to 20 per cent speculative. Some one asked Mr. Henry Clayton what he thought was the amount of the speculative transactions, and how much was legitimate. He said he thought Mr. Marsh had erred somewhat in saying that the legitimate transactions amounted to as much as 80 to 85 per cent. He doubted if they would run over 60 per cent; but he was satisfied that fully 60 per cent of all the transactions on the cotton exchanges were legitimate hedging or insurance transactions.

I do not pretend to know as to that, but those two gentlemen did know. Mr. Marsh for years was president of the cotton exchange. He is a very able economist. I understand that he has written books on the subject; and he certainly impressed me as one of the most dignified, able men I ever heard testify before a Senate committee. Mr. Clayton also impressed me as an extremely able man. So I think it is safe to say, from the testimony of those two men who were summoned before our committee to look into the question of cotton, that fully 60 to 85 per cent of all the transactions on the exchange are legitimate transactions.

I want to say just one word more in response to a suggestion from my friend about the evils on these exchanges.

Mr. HEFLIN. Before the Senator does that—

Mr. RANSDELL. Let me make this statement, and then I will yield.

Doubtless there are evils now, and doubtless there have been evils in the past. The Senator recalls well that along about 1913 we had prolonged hearings in order to correct some of

the so-called evils of the cotton exchanges, the result being what has been known ever since as the Smith-Lever law. It was, in a way, a Magna Charta to the business on the cotton exchanges of the country. The Smith-Lever Act, passed in 1914, was first declared unconstitutional. It was reenacted in 1916 and has functioned wonderfully.

I should like to say, in behalf of the New Orleans Cotton Exchange, that if anybody in recent years has presented evils connected with the New Orleans Exchange, I have not heard them. Before our committee there was a searching investigation which the Senator from South Carolina and his associates conducted, and certain alleged evils connected with the New York Exchange were set forth. A great deal was said about that; and in order to correct those evils Mr. VINSON of Georgia introduced a bill in the House, and the Senator from South Carolina [Mr. SMITH] introduced a bill in the Senate, and secured a favorable report on it; but after the Congress closed I understand that the New York Exchange voluntarily adopted and put into effect rules of its own, which substantially corrected the evils complained of. It did that voluntarily.

I do not know what evils need correcting by the legislature at this time. Certainly no one has charged any evils connected with the New Orleans Cotton Exchange except this general idea of speculating too much which the Senator from Arkansas alleges; but the particular evils no man has stated.

Mr. HEFLIN. Mr. President, I was going to ask the Senator if he would not be willing, if he could, to eliminate the part of the speculation that is not legitimate? Mr. Clayton said he thought 60 per cent was legitimate. Therefore, 40 per cent would be illegitimate. Mr. Marsh said 85 per cent was legitimate, and that would leave 15 per cent illegitimate. If the Senator could, he would be willing to reach and eliminate that; would he not?

Mr. RANDELL. If that could be reached in any business-like, proper way, I should not object at all. I am no champion of the speculators and gamblers, I assure the Senator; but I have never yet found anyone who was able to suggest a method by which the good could be separated from the bad.

Mr. HEFLIN. I can not lay my hand on Mr. Hines's testimony just now, but my recollection is that he is the representative or president of the Cotton Textile Institute. In response to a question that I asked, I believe, as to what per cent of cotton the mills obtained through the exchanges, I think he said 1 per cent or less than 1 per cent of their total cotton supply. I was astounded to find that it was so little as that, although I never thought they obtained very much through the exchanges; but in all the transactions that are had in that kind of speculation in 200,000,000 bales of cotton in a year, selling back and forth, of course they are selling stuff that does not exist, selling stuff that they do not own, and something that they can not deliver. That is an evil that must be stopped.

For instance, if the farmer has his cotton ginned and ready for the market, and the price is low and unprofitable, a price that will not justify him in selling, under the present-day regulations and manipulations of the exchanges he says: "I will keep my cotton off the market. I am not going to sell just now. I am going to hold it until the price gets better." But the speculator, regardless of the fact that the farmer is refusing to sell, goes upon the exchange and sells cotton contracts when the farmer, holding the actual cotton off the market, is refusing to part with it to any spot buyer in the land at the price then obtaining.

The speculator goes on the exchange and sells a fictitious stuff called cotton in unlimited quantities, and he is seeking to beat down the price of real cotton still lower, while the farmer is holding it for the price to go higher. There is a battle on between these forces. One of the elements makes its money out of the bear side of the market. When cotton goes down and they beat the price to pieces, they make a killing, and they kill the farmer's business. Then he has lost by his effort to hold for a better price. He has a right to use his price-fixing power in obtaining a price that will yield a profit, and in his effort to do it he is being punished by a man who does not own cotton, who can sell in competition with real cotton stuff out of the air and call it cotton. He can sell a thousand bales or 10,000 bales or 10,000,000 bales without having a lock of cotton to sell, and in the meantime he is beating down the price of real cotton, because every morning before the merchant will buy that farmer's cotton in the market places of the South he waits for a telegram to come from the exchanges, and he goes by that telegram giving the quotations of what cotton sold for the day before and what it opened at that day, and he buys the cotton on the basis of those figures that come to the local markets each day from the cotton exchanges.

Who fixes the price? All sorts of people speculating on the exchange. What I want to do is to confine speculation more nearly to the amount of cotton actually produced each year. If we make a cotton crop of 14,000,000 bales, let them speculate in 14,000,000 bales, so as to have a bale of actual cotton back of every bale in a contract. For instance, if the spinner consumes, as he does, 6,000,000 bales, let him hedge to the extent of 6,000,000 bales. I would not deprive him of that right. I think he ought to have it, and I want him to have it, and I will vote for him to have it. If there are any other elements in the trade who deal in actual cotton, I am willing for them to have the right to hedge, and to that extent deal in cotton on an exchange. But I am ready to vote, and I will vote, for a measure that will stop this dealing in unlimited quantities of fictitious stuff called cotton.

There is an orgy of gambling going on to-day in Wall Street in stocks that is shaking the financial fabric of the Nation.

Mr. CARAWAY. Mr. President, will the Senator yield?

Mr. HEFLIN. I yield.

Mr. CARAWAY. I am so amused at this "legitimate" business, which requires 200,000,000 bales of cotton in order to legitimately sell 10,000,000; which is what is actually sold, because we must subtract from the total twelve or thirteen or fourteen million bales of staple cotton. According to the statements of these great economists which we have just heard, it takes \$2,000,000,000 to hedge 10,000,000 bales of cotton. At the present exchange charges it would cost \$30,000,000. In other words, they have to put up \$2,000,000,000, and lose the interest on that, and pay \$30,000,000 for the privilege of handling, with this hedge, 10,000,000 bales of cotton. Senators can make the calculation themselves.

Mr. HEFLIN. According to those figures, the spinner would be infinitely better off if he should buy his whole supply of cotton even if he had to pay storage charges on it.

Mr. CARAWAY. Of course, he would better buy it. He would not have so much money in it.

Mr. HEFLIN. Mr. President, I was speaking a moment ago about the gambling craze that is on in New York. The money needed in every State of the Union to carry on the legitimate business of the people is being drawn into the gambling haunts of that eastern city. They are offering all sorts of interest rates. Money is at a premium. Of course, we understand that the man who has idle money would like to lend that money where he could get the best rate of interest—that is natural. But it is unfair to the honest business men and women engaged in lawful and helpful enterprises, who are supporting the Government and feeding and clothing the world, to make the interest rate so high around the gambling center, where people are dealing in fictitious stuff, as to draw money out of the channels of legitimate business in this country.

Somewhere in this country a man will want to cut down a forest, he will want to set up a sawmill and cut the trees into lumber, but he can not pay 10 or 12 or 15 per cent interest for money. When he goes to a bank in some of the States for money and they tell him, "We can get a larger rate of interest in New York than you are willing to pay, and we are sending the money there," that man is being denied the money with which to cut his forest and saw his timber into planks, material for building houses and bridges that span the rivers, and for various other purposes. These legitimate and necessary enterprises are made to wait; they must remain undeveloped while the dance and the revelry of the gamblers goes on in Wall Street. That is the sad and deplorable situation that confronts us.

Here is a statement from one of the sages of the Nation, one of the best beloved men in our country, and one who has contributed greatly to human comfort and betterment in his day and generation. I refer to Mr. Thomas A. Edison. He is down in Florida now renewing his youth in the sunny land of Dixie, and this statement was made just day before yesterday. He condemned increasing stock speculation and predicted that if it was not checked it would ultimately produce a panic.

Mr. President, think of what a crime it would be to tie up the money supply of the Nation, the greatest Nation in all the world, to have the lifeblood of its business—and that is what money and credit are—tied up in a gambling center and producing paralysis in legitimate enterprises in the various States. We will reach the time, unless certain kinds of speculation is stopped, when we will have a panic, and the crash will come.

It would be a good idea to have a man like "Old Hickory" Jackson President when that time came. When old Nicholas Biddle once told President Jackson that he was going to cause a panic, "Old Hickory" said: "If you do, damn you, I will hang you."

No man or set of men must be allowed to produce a panic in the United States. Whoever dares to do such a thing must be

surely punished, and the instrument with which he does it should be destroyed.

Mr. SMITH. Mr. President—

The PRESIDING OFFICER (Mr. FESS in the chair). Does the Senator from Alabama yield to the Senator from South Carolina?

Mr. HEFLIN. I yield.

Mr. SMITH. The difficulty about this, I want to suggest to my friend from Alabama—and he is one of the best friends I have—is that the very power that is invoked now, namely, the Federal Reserve Board, to intervene to raise the rate of interest, or, by any rate of interest, deny credit, in order to bring about a cessation of that orgy of gambling in New York and elsewhere in stocks and bonds, exercised its power in 1920, to the ruin of this entire Nation.

The Senator stood here for weeks and weeks denouncing the action of the Federal Reserve Board, which intervened when all farm products were at their peak, with the result, speaking of the matter now under discussion, that cotton, which was around 35 or 40 cents in the fall and spring preceding, dropped to something like 7 or 8 cents the next year. All other unprotected commodities suffered in like manner to such an extent that, in my opinion, the foundation was laid for the present disastrous condition of agriculture, which brought about the cry for agricultural relief.

I do not know what we are to do in a democratic country to control the spirit of speculation. I do not know whether we would be justified in giving the power of control to a board of governors. I do not know how we are to go about determining what an individual shall do with his own money or his own legitimate bases of credit. Those are questions which strike right at the foundation and the root of our democratic form of government. Perhaps we may have made a fatal mistake when we delegated to certain individuals the right to furnish this Government with a circulating medium. These are tremendous questions; they are questions which we can not, in an hour, or in any short time, solve so that our action would work to the benefit of the entire country.

I shudder when I think of what occurred in 1920, and I remember the deadening effect of that action of the Federal Reserve Board and its allied councilmen on the securities of the United States, worth par at maturity, with accrued interest if it had not been collected in the meantime. Even the bonds of the United States went down to something like 85 and 86 cents on the dollar, showing the effect on the obligations of our Government when held in weak hands, even with the taxing power and the resources of this country back of them. The Senator knows, and I know, that they had been distributed all over this country, and the patriotic citizens who really were not able had invested in those bonds.

Mr. HEFLIN. Mr. President, the Senator will remember that the Federal Reserve Board, of which Governor Harding was the head at the time, sent the order out to the banks over the country not to lend money on Government bonds, and many people were forced to sell them when they could not borrow on their bonds from the banks; and they had to sell them for 80 and 85 cents on the dollar.

Mr. SMITH. Precisely; that is what I am trying to call to the attention of my friend. Are we here now invoking the activities and the power of a body created by this Government; and are we to put into its hands the power of life and death over the industrial and commercial and financial fabric of the American people?

Mr. HEFLIN. I am not in favor of that. I did not go far enough with my proposition. I had not gone far enough when he interrupted me to let the Senator know how I stood. I am not in favor of giving that power to the Federal Reserve Board; and I do not know but that the Federal Reserve Board made a mistake the other day in precipitately announcing what it was going to do instead of fixing a time, say 10 or 20 days hence, when it would have something definitely to say about putting a stop to certain kinds of speculation.

I can see that there was room for underhand work and trickery in that sort of thing, because if anybody had inside information that the board was going to make the statement it did make, he or they could have gone back to New York and got on the bear side of stocks, and he could have made millions the next day, because the statement broke the price of stocks on the exchange \$2,000,000,000 in a single day—think of that; twice the value of the American cotton crop at the present price—snuffed out in the twinkling of an eye.

The people who had been lured into this gambling den from all over this Nation were supporting the bull side, and supporting it strongly, and if it is legitimate business, they had a right to do it, but they should not have been knocked in the

head with a maul until they had time to get from under. I can see what the Senator from South Carolina is driving at, that the Federal Reserve Board, if they wanted to, could have given some advance notice of what they were about to do. That is what I accused Governor Harding, of the Federal Reserve Board, of doing in 1920, of being in with the speculative interests, and telling them in advance that he was going to bring about a deflation panic, and they prepared themselves and got on the bear side of cotton and grain and stocks, and when the board caused deflation they made a killing, millions and hundreds of millions, and they destroyed agriculture and the cattle industry in the South and West.

Mr. SMITH. The question I desired to ask the Senator was this: Does he think Congress has the right to delegate to any body of men power over the commercial, financial, and industrial life of America, as it has been demonstrated now twice in the short life of the Federal reserve system, that they have done? They destroyed agriculture in 1920, and now they have wiped out—through speculation, if you choose to call it that—thousands in one day.

I call the attention of my friend from Alabama to the unspeakable danger of our delegating to any set of men the right to say who shall have credit and who shall not have credit, what is legitimate speculation and what is not legitimate speculation. It does not lie in the mouth of any man to say that thing. Yet here we are, because a great orgy of gambling is going on, if we choose to call it that, saying that we will invoke a Frankenstein to ultimately destroy everything when we are trying to destroy that thing itself.

Mr. HEFLIN. I see what the Senator means, and he and I are close together on the proposition. I do not know but what the Senator from Iowa [Mr. BROOKHART] is right, that we ought to fix the rediscount rate and take away from the Federal Reserve Board the power to put that rate up or down at will. The Senator will recall the deflation arrangement which they brought about by an act of Congress when Governor Harding got some legislation through by fraud and deception, when he told the Senator from South Carolina, among others, that he wanted authority for using that progressive interest rate so that he could apply it only to gambling places like New York that were getting too much money. He wanted it, so he said, so that the money could go out in the channels of business in the South and West. But it so turned out that he never invoked it in New York at all, but he did apply it in the South and West and practically destroyed all kinds of business in both sections.

Mr. SMITH. If the Senator will recall, not only did he not invoke it in those concentrating places where the complaints came from, but the result was as the Senator has stated. I had in my desk at the time, and I am sure I still have in my files, statements showing that in some rural communities they actually charged as high as 87½ per cent for a loan.

Mr. HEFLIN. They did that in my State at Abbeville. I brought that matter before the Senate and showed the papers sent to me by the governor of the Federal Reserve Bank at Atlanta, showing that the progressive interest rate was applied to a little bank in my State at Abbeville and reached the enormous figure of 87½ per cent. What was that little bank doing? It was advancing money to the cotton grower and trying to help him hold his cotton until he could get a price that would yield a profit, and it was being punished and beaten over the head by this extraordinary action of the Federal Reserve Board.

It might be a good idea for Congress to say by law how the rediscount rate shall operate—that under certain circumstances it may be permitted to go up to a certain point or down to a certain point. Let Congress say what shall be done. But we have a board there now, which, if it wanted to, could permit one set of gamblers to go in and run up prices on the stock market and get it up where they wanted it to go, all the while getting all the money they wanted under a low discount rate, and then they could abruptly put the rediscount rate up and shut off the others who were supporting the market, and have a killing and kill off all the little fellows, and thus play into the hands of this other set of gamblers. That is possible.

In the resolution which I introduced the other day I had a certain idea in mind, but a good many Senators did not understand all that I had in my mind back of what I said in the resolution. I wanted the board to tell us what the evil complained of was and what the board considered legitimate as distinguished from illegitimate speculation. That is not all I wanted. I have my own opinion about what is going on and about what should be done in the matter. I wanted the board to state in writing their views about it, and that is what I expect them to do when they send their report here in response to the request contained in my resolution.

Mr. CARAWAY. Mr. President, if the Senator from Alabama will permit me, I want to call attention to the fact that there is never any complaint when the prices are down in the dust. The only action taken is to break high prices or to break corners, as they call them.

May I call the Senator's further attention to this further fact? I have some Government reports here. On August 2, 1926, cotton was quoted at 17.70. On November 2, 1926, it was quoted at 12.73. Here is another thing showing how they stabilize cotton conditions: On the 10th of June, 1926, cotton opened at 17.28. On the next day it closed at 16.34.

Mr. HEFLIN. That meant a loss of \$5 a bale.

Mr. CARAWAY. Yes; and there was not a bale of cotton made on that day. There was not any cotton in the market, but they manipulated the market. If we had had a 14,000,000-bale cotton crop, that would have meant \$70,000,000 loss in value on cotton from one day to the next between seasons.

Mr. HEFLIN. Watch the scale up and down in the rediscount rate. Let them lower the rediscount rate, and you will see the price of farm products advance immediately, with the prices of other things the producers have to sell. But watch them when they apply the clamps to it and raise the rediscount rate. There will be then the opposite effect, and prices go down. So it is a barometer that tells just how the thing is going, and it has been placed in the hands of four or five men on this board. It is a dangerous power, Senators. I want the Senator from South Carolina, who has always been the friend of the farmer and the Senator from Iowa [Mr. BROOKHART], and others from the South and West who have given thought to the question, to join with me and others and see if we can not work out an amendment to the Federal reserve law which will stop this wholesale slaughter of the business of farmers, merchants, and others in the South and West.

Mr. SMITH. Does not the Senator think that the world at large considers money a commercial commodity? Of course, the law of supply and demand as to any one product is going to affect it ultimately, and it does affect the price, though perhaps not absolutely. The converse is absolutely true, that the demand is controlled by the ability to satisfy that demand. Therefore, if money is plentiful there may be a great demand, and if money is scarce there is a less demand. Does the Senator think that we are justified in taking money out of the category of commercial articles and putting it into the hands of a few men to determine whether it shall be bountiful or whether it shall be scarce, and directly—not indirectly, but directly—affecting and controlling the law of supply and demand of the actual articles in the market place?

That is what we have done by the Federal reserve act, and that is what ought to be repealed. We ought to make the rediscount rate answerable to the law of supply and demand. When a man goes to a banker with legitimate security, what right has the banker to question what he is going to do with the currency which he has secured by a deposit of adequate security? We have destroyed the very foundation of our Government when we turn over to any body of men the right to determine what an individual shall do with his own property.

Mr. HEFLIN. The Senator is right. How would this do? Suppose we provide that the rediscount rate shall not be raised until the board confers with the commissioners of agriculture in every State in the Union and until notice shall have been given to business generally for so many days in advance.

Mr. SMITH. And the reasons given.

Mr. HEFLIN. Yes; and give the reasons for doing it, so the public will be apprised of what is going to be done. Who knew this board the other day was going to break out at daylight and make an announcement that broke the market to pieces and caused a loss of \$2,000,000,000 in stocks in a day? Senators, that is a tremendous transaction. The Federal Reserve Board ought to take all classes of business, capital, and labor into its confidence and let them know what they are doing and why they are doing it.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Utah?

Mr. HEFLIN. I yield.

Mr. KING. Apropos of the suggestion made by the Senator from South Carolina I am inclined to think that upon mature reflection he would desire to modify it, and I do not think that my friend from Alabama upon mature reflection would be willing to assent to it in all its implications.

I agree with the Senator, if I understand him correctly, that as to money, which is commercial, if I may use his expression, when a man goes to the bank and draws out his own money or goes to the bank and gets gold, exchanging something for gold, his deductions and his statements are accurate. But I do not think it can be legitimately contended that it is the duty of the

Government to furnish credit to individuals for purely speculative purposes. If the Government sets up, as it has, a Federal reserve system and permits individuals to obtain credit by pledging collateral or pledging their property, I see no impropriety in the Government, where it stamps that credit with all the validity of gold dollars, before extending that credit and expanding credit, making some inquiry as to the purposes for which it is to be used.

Mr. BROOKHART. Mr. President, if the Senator will yield—

Mr. HEFLIN. I yield.

Mr. BROOKHART. The Senator from Utah has hit the vital point in the proposition. The Federal reserve law itself recognized that point when it prohibited the Federal Reserve Board from rediscounting speculative loans. We are not going to be ready to have discount rates fixed by Congress unless we proceed to prohibit all banks from making speculative loans. The amendment which I offered does that in the same language that is in the Federal reserve law now.

The Senator from Virginia [Mr. GLASS] raised the question that we would drive business into the State banks, but we can control the State banks by denying them the use of the United States mails, which privilege we furnish, and denying them the privilege of interstate commerce unless they, too, comply with these rules. That will stop the use of credit for speculation in the United States, and then we are ready to fix the redeposit rate or rediscount rate and the general interest rate.

Mr. KING. Mr. President, if the Senator will yield further—

Mr. HEFLIN. Certainly.

Mr. KING. Four years ago I offered a bill in the Senate, and I have offered it upon one or two occasions since, which denied the right of extending credit to the stock brokers for speculative purposes and to engage in marginal transactions. I saw that it was important that we forbid the Federal reserve system being used for speculative purposes. Then I supplemented that bill by another which I offered, which forbade the use of the mails of the United States for those transactions either by Federal banks or by State banks.

I do not think there is any obligation upon the Government to lend its credit for purely gambling and speculative purposes. If I go to a bank to secure credit under the Federal reserve system, offering my note with collateral which I deposit to be discounted at a regional bank, I ought to be willing to make an explanation of the purposes for which I desire to use that money, and if it is for purely speculative purposes, if it will be injurious to my country and to trade and commerce in my country, while it is a tremendous power and an abuse of the discretion might work very great evil, nevertheless it is a discretion which ought to be utilized, and the Government of the United States ought to deny that credit to me.

I suggested the other day to the Senator from Virginia [Mr. GLASS] when he was speaking that I thought we ought to amend the Federal reserve law to require those who make the loans, the member banks, to charge a higher rate of interest for loans that reach the speculative category. In Great Britain they have a minimum rate of discount in their banks, but they have discretion and they use that discretion drastically at times to raise the rate of discount, and the result is that they do not have any wild speculation upon stock exchanges in Great Britain such as we have here. The Federal reserve banks have been too liberal in extending credit, and many of the State banks are using the powers which they have under their State laws to increase speculation and to contribute to the demoralization to which my friend has adverted.

Mr. HEFLIN. The Senator from Utah and I are in agreement on a good many of the things he has said.

Mr. BROOKHART. Mr. President, will the Senator from Alabama yield to me?

Mr. HEFLIN. I yield.

Mr. BROOKHART. The statement of the Senator from Utah [Mr. KING] in reference to the situation in Great Britain has this explanation: There is a great cooperative banking system in that country which in 1927 had a three and a half billion dollar turnover. There is no stock speculation or any other kind of speculation in that system. The cooperative capital return is fixed from the beginning. Five per cent is all it ever gets; so that stock values do not vary up and down; interest rates are steady and do not vary under that system. It has grown so great and so powerful that it has forced the Bank of England and all other business corporations in Great Britain to do business very much on the lines of the cooperative enterprise.

What the Senator has said about there being no very great variations as a result of stock speculation in Great Britain is

absolutely true. The Banking and Currency Committee of the Senate had the Federal Reserve Board bring in some charts of its business, and to explain why it was that stocks fluctuated so greatly in the United States compared to other countries. They put up the charts of a dozen countries, and there were ups and downs in all of them, but finally they hung up the chart of Great Britain. When they reached the chart showing stock values in Great Britain, they moved up a little and they dropped down a little, but not so low as they started; then they went up a little again and dropped again, but never went back quite so low as previously; there was a steady, even rise, showing a healthy stabilized condition of stock values in Great Britain and also in Holland, both of which have this great cooperative system to steady them. They are the only two countries in the world that can now show charts of stabilized business.

I got those charts the other day from the New York Stock Exchange. They show a steady, even trend of business in Great Britain and Holland, whereas a chart of our stock values shows this gambling situation.

Mr. KING. Mr. President, will the Senator from Alabama yield to me?

Mr. HEFLIN. I yield.

Mr. KING. In substantially everything that the Senator from Iowa [Mr. BROOKHART] has just said I concur. I do dissent, however, somewhat from the deductions which he has drawn. I am inclined to think he is trying to have the tail wag the dog. The Bank of England and its branch banks, rather than the cooperatives, I think, dominate the situation. I admit the tremendous power and utility and great benefit of the cooperative banking system—

Mr. BROOKHART. But—

Mr. KING. Let me complete the sentence—but the Bank of England usually for a period covering 100 years has acted with great prudence and with due regard to the economic condition of the people. It has sought to prevent the orgy of speculation which, unfortunately, has characterized the United States and our banking system. The Bank of England has been conducted usually in a conservative and honest way, with a view to preventing these frightful fluctuations in matters of credit and of speculation.

Mr. BROOKHART. Mr. President, I concede what the Senator from Utah has just said to be true, but one reason why the Bank of England has been so steady and so honest is because alongside of it is that great, powerful cooperative system that would be able to take its business away from it if it acted upon any other theory.

Mr. HEFLIN. Mr. President, I did not intend that we should spend so much time discussing this phase of the question, but I think it has been time well spent.

In my opinion, the Federal reserve banking system is the greatest banking system ever devised, and I believe if properly administered it will meet the business needs of everybody. I think it is impossible to have a panic under the Federal reserve banking system if it be honestly administered, but the manner in which it is administered at times is hurtful, alarming, and dangerous.

Mr. BLEASE. Does the Senator believe it will ever be honestly administered?

Mr. HEFLIN. I have seen it honestly administered at times, but I have also seen some things done by it that were rather shocking to me. The system has in some instances exercised power that I hardly knew we were conferring upon it when we passed the law for its establishment. I think, however, it is an improvement over the old system.

In the old days, under the national-bank system, a national bank owning Government bonds could go to the Government and deposit those bonds, and the Government would issue money on them to the amount of their value. The banker would take that money and put it in circulation. The people of the respective communities were limited to the amount of money the national banks were willing to have in circulation.

Under the Federal reserve banking system the people who produce and who need money—the farmer, the manufacturer, the merchant, and those engaged in other enterprises of various kinds—can go to the Federal reserve bank with 40 per cent security in gold and 60 per cent in commercial paper collateral and have Federal reserve notes issued to the amount of \$100,000,000 and more. So I like the Federal reserve system better than the old system. The people of the United States now have currency issued according to their business demands; they do not have to wait upon the whim of some banker who buys bonds and has money issued on those bonds and thus has a string tied to the amount of the circulating medium of the community. I repeat, it is a good system; but, Mr. President,

in my judgment it has gone far afield in some of its activities, and I believe the Congress has got to do something to curb some of its activities.

As the Senator from South Carolina has said, to allow the Federal Reserve Board to say what interest rate a nation shall pay for a dollar is a great power to put in their hands. If they want to put the rate up, they can do so; and if they want to put it down, they can do so. That is a tremendous power. It is putting in the control of the few men who compose the Federal Reserve Board the very lifeblood of the business of a nation of one hundred and twenty-odd million people. It is a dangerous power; but, as I said a moment ago, when they reduce the rediscount rate the people engaged in productive activities get a better price for their produce. We are dependent upon the producing class; the world could not live without them. When the Federal Reserve Board put up the price of money, the rediscount rate, the price of what the producer has to sell goes down. You can follow it. The minute they reduce the rediscount rate you can see the prices of the commodities the masses produce gradually go up, and when they put the rediscount rate up again you can see the prices of those commodities come down.

Money is a medium of exchange and a measure of value, and the entire success of the people and their business enterprises depends on how honestly and fairly control over that circulating medium is administered.

Mr. President, I am anxious that the Senate shall begin to vote on the various proposals which have been made in connection with the pending bill. I have had in mind for some time a measure, which I want to introduce in the Senate, which would provide that no man could sell cotton in future contracts without owning it in the first place. If the farmer wanted to speculate in his cotton or wanted anybody else to speculate in it, he could register it at the county courthouse in every county in the Cotton Belt, giving his name and post-office address and the number of bales produced, and say that he was willing for his cotton to be speculated in. Then when a contract was sold it would have cotton back of it. If John Jones, a farmer in my town, who makes a hundred bales, should sell a contract for a hundred bales of cotton, every time that the contract was sold anywhere it would show that originally it was sold by a bona fide farmer, John Jones, of Lafayette, Ala., a farmer who produces on the average a hundred bales of cotton. Then we would have a contract wherever it went which would be like a deed to a piece of land, through which the title can be traced back to the original owner, the deed showing to whom the land was sold on each occasion of a sale. This cotton contract would be similar to that. Note on the margin each time the contract was sold, date, and to whom it was sold.

Not only that but I would permit the merchant to deal in it, because the merchant buys cotton from the farmer in the market places of the South. I would let a merchant who deals in a thousand bales a year speculate to that extent, because he is an actual dealer in cotton. I would permit the banker who advanced money to make the cotton and the spinner to speculate in it in a limited way as I said before. So there would be four classes who could speculate in cotton at the outset, but I would stop with them. Then, I would let anybody who wanted to buy those contracts sell them and resell them, for every time they were sold there would be cotton back of the transaction. By letting the banker, the merchant, the spinner, and the farmer sell, it might result in the transactions covering double the amount of the actual crop, but that would be ten thousand times better than the present situation, for now, with a 14,000,000 bale crop, 200,000,000 bales of dummy cotton are sold. That cotton has no more resemblance to real cotton than a mock orange has to a real orange; it is dummy stuff. Something has got to be done to stop it. They have no right to sell such stuff in unlimited quantities. And they have no right to sell the farmer's cotton on an exchange unless he gives his consent to have it sold.

Mr. President, if one goes upon the stock exchange now and undertakes to sell the shares of some company the stock of which has not been listed for such sales he can be arrested and put in jail. The owner of such stock could cry out against it and say, "My stock is not listed; it is not up for sale on the exchange; we are not permitting it to be speculated in; here is a man who has sold 100 shares of it"; and, as I said, the man who sold it could be put in jail. But speculators can go upon the grain exchange and sell the farmer's wheat when he has not listed it for speculation—when he is holding it for a better price. They use the name of his product to beat down the price of the spot wheat at home. The same thing is done in the case of the cotton producer who has not listed his cotton for speculative purposes, but who holds his cotton off the

market. The speculators, despite that fact, sell it in unlimited quantities to beat down the price while the producer is holding it. The producer has no say about it. He is entitled to have a say, and I want to see the Congress enact legislation that will give him a say in the matter.

Why should the farmer's cotton and grain be speculated in unless he consents to have it done?

Mr. President, so far as I am concerned, I am ready for a vote.

Mr. FRAZIER. Mr. President, I am very much interested in the pending measure because it not only has to do with cotton produced in the Southern States but also has to do with grain produced in the Middle West and the western section of the country. If the speculation that takes place on the grain exchanges and the cotton exchanges were confined simply to the men who speculate in those commodities it would not be so bad. If this process simply took money from one speculator's pocket and put it into the pocket of another speculator, I would have little complaint to make; but the fact is that the manipulations on the cotton market and the manipulations on the wheat market oftentimes force down the prices of wheat and cotton and compel the farmers to take a lower price than they would take were it not for the manipulations or speculations on the market.

Because of the hard circumstances of the average farmer, whether he be a raiser of cotton, or flax, or wheat or any other kind of grain, he is compelled, or practically compelled, to sell his product when it is harvested or threshed and ready for market, in order to get money to meet his expenses; and oftentimes a depression at that time means a great deal to the farmer. People say that a difference of 1 cent a pound on cotton amounts to little; but if there is an annual cotton crop of, say, 17,000,000 bales, which I understand is somewhere around the average cotton crop—

Mr. HEFLIN. The average crop is around 14,000,000 bales.

Mr. FRAZIER. Well, take any amount; say, 15,000,000 bales for easy figuring. One cent a pound on 15,000,000 bales would mean \$75,000,000 to the cotton growers who produced that cotton. In other words, if the manipulators on the cotton exchange at the time the cotton is being put on the market force the price down 1 cent a pound, compelling the producers of that cotton to take 1 cent a pound less, it means \$75,000,000 loss to the cotton producers in that season. If they force the price down 10 cents a pound, it means ten times \$75,000,000, or \$750,000,000 loss at that time.

During the hearings that were held on the cotton question last winter—and I happened to be a member of the subcommittee of the Committee on Agriculture and Forestry which was holding those hearings under the chairmanship of the Senator from South Carolina [Mr. SMITH]—if I recall correctly, the Senator from South Carolina himself made the statement that the manipulations of the cotton crop, I think in the one season of 1925, undoubtedly cost the cotton growers of the Southern States \$500,000,000; and that was because of manipulations of the market, because of gambling, if you please, on the cotton exchanges.

The same thing is true as to wheat. In my own State we produce and sell at least 100,000,000 bushels of wheat in the average year; and while a cent a bushel does not mean so very much to the individual farmer, yet on the 100,000,000 bushels it means \$1,000,000 to the farmers of my own State.

The same thing is true of the other wheat-raising States; and when the market is manipulated, as it often is, to the extent of 15 or 20 cents a bushel, it runs into a lot of money for the wheat growers and makes a great deal of difference in their profit or loss for that year.

Mr. CARAWAY. Mr. President, may I call the Senator's attention to one thing?

Mr. FRAZIER. I am glad to yield.

Mr. CARAWAY. Right along the line that the Senator was discussing, on the 17th day of March, 1925, reports that Arthur W. Cutter was getting out of his line developed a panic in the local pit during the early session and wheat lost 14 cents for that session. In other words, just a rumor that this man, who was long in the market, was quitting cost the wheat growers 14 cents a bushel. It was not a question of the world condition; everything was just as it was before; but the mere report that a man was not going to buy caused the price of wheat to drop 14 cents a bushel.

Mr. FRAZIER. Oh, yes; some such report as that, or the report of a drought or a flood in certain grain sections, often causes the market to fluctuate a great deal.

Mr. BROOKHART. Mr. President—

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from North Dakota yield to the Senator from Iowa?

Mr. FRAZIER. Yes; I yield.

Mr. BROOKHART. The principal argument against this bill made by the Senator from South Carolina [Mr. SMITH], and also the Senator from Louisiana [Mr. RANSDELL], is to the effect that speculation and gambling ought to be prohibited, but it is not safe to do it by the method prescribed in this bill, because there is nothing to take its place, and it would demoralize markets and prices generally if we should stop the use of the telegraphs and the mails in these gambling enterprises. Therefore we must go ahead with the gambling, because nothing new is set up in this bill to take its place.

In this connection I desire to call the Senator's attention to the fact that this morning the author of the bill amended the bill so that it will not take effect for a year after being signed by the President. If we should enact this bill, does not the Senator think that during that year we would have the strongest incentive and reason for setting up this machinery to give the farmer a proper marketing of his crops?

Mr. FRAZIER. Mr. President, I think that is absolutely true. While it is claimed that there is an excuse for voting against this bill because of so-called legitimate hedging, and that at the present time no machinery is ready to take the place of the cotton exchanges and grain exchanges if this bill should pass, I think the amendment referred to by the Senator from Iowa will absolutely take care of the situation.

One thing is certain, Mr. President: We need a change in our grain and cotton markets; and even if these exchanges should be entirely done away with, I believe the situation would be much better than it is at the present time.

Ordinarily, these speculators manipulate the market when the farmer's products are being sold, forcing the market down and compelling the producer to take a lower price for his products. Then, after the bulk of those crops—cotton or wheat or other grains—is on the market, these same manipulators change from bears to bulls and force the market up, and compel the ultimate consumers of the products to pay a higher price. It works both ways, to the detriment of the consumers and to the detriment of the producers of those products.

Besides that, Mr. President, there are thousands of little speculators who, in one way or another, are lured into this gambling game under this process, and lose their money in what is known as playing the market; and a great deal of money is lost in that way by small speculators. In fact, by various means these small speculators are gotten into playing the market, and almost always they lose out, because they do not know the game as compared with the big fellows who are there professionally, and there to make money.

In this discussion on the floor of the Senate some comparison has been made of gambling places like Monte Carlo, and other places of that sort, with these grain and cotton exchanges. In my estimation, Mr. President, Monte Carlo, with all its gambling devices, is like a Sunday school resort as compared with the great cotton exchanges and grain exchanges and stock markets.

I think in most of the gambling places like Monte Carlo, from what I have read and heard of them, there is some limit to the extent to which the gambler can go; but on the stock exchange and the grain and cotton exchanges the sky is the limit. The gamblers can go just as far as they have money to go. When a man bets on a pony race or a horse race or on the whirl of a roulette wheel he stands some little chance of winning once in a while, but when the ordinary citizen bets on the market he has mighty little chance of even getting his money back.

The opposition to this bill has tried to justify the cotton and grain exchanges on the ground that their business is a legitimate one, a legitimate protection to purchases and sales of actual commodities. I think as a general rule the amount of actual cotton or wheat sold on the market is only about 5 per cent, or at least a very small percentage, of the total amount that is traded on the market during the year. In other words, 95 per cent of the purchases and sales of wheat on the grain exchanges are pure speculation. It has been shown that in some years—ordinarily, I think—where one bushel of actual wheat is sold on the Chicago Board of Trade, there are 400 bushels of speculative wheat sold; in other words, that it is a gambling proposition instead of a legitimate primary market. Perhaps when these grain exchanges and cotton exchanges were originally established the intention was that they should be honest grain and cotton markets for the handling of cash wheat and spot cotton; but, like many other things, they have gotten away from what they were intended to be and have become gambling institutions almost pure and simple.

Of course, on these exchanges, the brokers get commissions for handling the actual wheat or the actual cotton; but the amount of money taken in by the grain exchanges and cotton exchanges as commissions for handling the actual product is

mighty small as compared with their commissions on handling the future trades or the gambling end of the situation.

The Federal Trade Commission has made examinations of this subject, and its reports condemn the speculative feature of the grain exchanges. Reports from the Agricultural Department and other Government reports by actual figures of transactions demonstrate that the speculative feature is so overwhelmingly dominant as to make these places nothing more than gambling houses.

In the fall of 1925, according to Government reports, in four months the cotton exchanges sold six times the amount of all the cotton raised in the United States in that year. In the wheat market there was even a greater disparity in the buying and selling than in the cotton market. The Chicago Board of Trade ordinarily handles about 50,000,000 bushels of wheat a year. It is not at all uncommon to have from 150,000,000 to 200,000,000 bushels of wheat bought and sold on the Chicago Board of Trade in one day, although they only handle 50,000,000 bushels of actual wheat in the whole year.

Last year, according to the best figures obtainable, a total of 20,000,000,000 bushels of wheat were bought and sold on the Chicago Board of Trade, on a ratio of about 400 to 1.

It seems to me that the real purpose of these cotton and grain exchanges is for speculation rather than the handling of the farmers' products. It is claimed by the opposition to this bill that they are absolutely necessary in order that cash sales of the real product may be protected by hedging. They go so far as to call this process of hedging in the future market an insurance protection.

The real situation is this: The speculations in the future market, both in wheat and cotton, are the cause of the fluctuations in the market, and the fluctuations in the market are the only excuse for the hedging. The only need for hedging is because the market might go up or down before the commodity can be shipped from the place where it is grown and first sold to the market. In other words, under the present system, in order to protect your sale or purchase, it is necessary to hedge under the same system that makes it necessary that a hedge should be taken out at all. You hedge with the same people who cause the market to fluctuate up and down and make it necessary to hedge, and under that system the hedging is practically little or no security.

It seems to me that no one can logically argue, in opposition to this bill, that it is necessary, because of that danger, to hedge. It is true that some new machinery might have to be put up to handle the sales, if this measure is passed, but a year's time would be quite long enough to set up new machinery to handle those hedges. If our grain and cotton markets could be stabilized, as they should be, there would be no need of hedging either in cotton or in grain.

When the price of wheat goes up or down 2 or 3 or even 10 or 20 cents a bushel, it makes no difference in the cost of the bread that is made from that wheat. The people here in Washington pay their 9 cents a pound loaf for bread whether wheat is a dollar a bushel or \$1.50 a bushel, and the same, I think, is true as to cotton. An advance of a few cents on a pound of cotton to the producer of cotton makes little or no difference in the cost which the consumer is compelled to pay for the manufactured cotton goods.

In regard to hedging, it has been found by actual figures time after time that in the event of what is known as a wild market, where the fluctuations are called violent, the prices going up and down several cents either way in a day or two, the hedging becomes nothing more nor less than a joke. The Federal Trade Commission, in their report along this very line, make this statement:

An actual study of transactions disclosed the fact that at times hedging proves to be not a protection but is the cause of losses, occasionally quite heavy. Therefore, in any event, the use of the word "insurance" to describe the device is not warranted.

That is from the report of the Federal Trade Commission in 1926, I think.

The fluctuating market is what makes hedging necessary, and during the periods when there are the greatest fluctuations and the most need for hedging, hedging is absolutely unsafe and unsound, and oftentimes causes a loss instead of a gain.

The Federal Trade Commission investigation was made because of a rapid advance in the price of wheat of about 86 cents a bushel in a few months' time back in 1925. Then, a few months later, the price fell back again 69 cents in the course of about three months. Those fluctuations in prices could not be explained by legitimate changes in wheat values, or by the law

of supply and demand for the actual commodity. It was a case of manipulation of the market.

The Federal Trade Commission made an investigation of those changes in prices, and the substance of their report was that they were due to a manipulation of the market.

That investigation of the Chicago Board of Trade by the Federal Trade Commission brought out the fact that eight individuals on that exchange ordinarily traded about 2,000,000 bushels of grain each year, and that the price changes of wheat during the period of the investigation corresponded closely with the future purchases and sales of this group of big speculators. In other words, these eight gamblers in wheat on the Chicago Board of Trade actually manipulated the market up and down at their will by buying or selling of futures in large amount.

The investigation brought out the fact that the price was manipulated in one day from 7 to 12 cents on a bushel of grain during this period. It showed that in a 33-day period in 1926, when these speculators were manipulating on the Chicago Board of Trade at the rate of some 2,000,000 bushels apiece, during 30 of the 33 days the price of May wheat moved in the same direction as the net purchases or sales of this little group of eight speculators.

They also played on both sides of the market. The Federal Trade Commission report shows, and the figures bear out the statement, that some of the big speculators changed in a month's time on each side of the market, made eight changes in one month's time. In other words, one day they would be bulls on the market and the next day they would be bears on the market, or perhaps would not change quite as often as that, but in a few days' time at least. When they found that it was to their advantage to have wheat go up, they forced it up; and when it was to their advantage for it to go down, they forced it down. Such operations can only be termed destructive. These traders, as I have said, changed their positions on the market from day to day.

The Caraway bill, if adopted, would put a stop to this element of gambling that makes it absolutely impossible for the law of supply and demand to function; and makes it absolutely impossible to have anything like a stable market for wheat or cotton.

During the investigation of the cotton industry of which I have spoken, a year ago this winter, by the Subcommittee of the Committee on Agriculture and Forestry of the Senate, it was shown that the War Finance Corporation loaned one big company that handled cotton something like \$10,000,000. From the investigation it developed that that money was used, first, to depress the cotton market; and then virtually to corner the 1925 cotton crop and force the consumer to pay a higher price for his cotton. That is just another example of how the manipulators of the market force the cotton grower, the producer, the farmer who does the work and produced the cotton, to take a low price; and afterwards, by manipulating the price again, compel the ultimate consumer of the cotton goods to pay a higher price for the product. Most any market would be better for the farmer than this gambler's market.

Time and again the grain exchanges and cotton exchanges have admitted that they can control the market, and they have passed resolutions from time to time, or adopted by-laws, in an effort to protect their own people from exorbitant losses. When the market fluctuates more than a certain number of points either way, they have a board of fair trade, I think they call it, with authority to declare that there is an emergency, and stop dealing for the balance of that day in the particular product that has broken either up or down more than so many points that day. In that way they save their own people from losing too much money in any one day. They give them a chance, in other words, to cover between the time they close the market on one day and the time it opens on the next day. They protect their own men.

Mr. President, if the gamblers in wheat and cotton will admit that they can control the price at one time by manipulation, it must be true that they can control it at almost any other time. When twenty or thirty million people who depend upon agriculture for their livelihood are forced to sell their products on the market for whatever price these manipulators are willing to give them it seems to me, in view of the condition of the farmers throughout the Nation, that it is high time for the Congress to take action to change the marketing system. In other words, in my opinion it is high time for the Congress to cut out the gambling element in the grain exchanges and cotton exchanges, and give the farmer a better price for his product, and see that the finished products of the grain and the cotton are sold at lower prices to the consumer by eliminating this gambling feature.

I want to refer to an article published in the Topeka Daily Capital, of Topeka, Kans., which is a paper published, I think, by the junior Senator from Kansas [Mr. CAPPER]. It is under the date of October 7, 1928, and it says:

Grain market overborne by fictitious wheat.

Speculators last July added over 50,000,000 "paper" bushels at peak of crop movement.

In other words, last July, when the wheat from Oklahoma and Kansas was going on the market, the gamblers on the wheat market sold short over 50,000,000 paper bushels of wheat. That had the same effect on the market as if 50,000,000 additional bushels of wheat had been dumped on the market during that month. What was the result? The result was that the price of wheat was forced down during that time over 20 cents a bushel, and that the farmers of Kansas and Oklahoma who sold their wheat at that time took their loss, and the bulk of them were forced to sell at that time because of their financial condition during the past few years especially. They were compelled to take a loss of 20 cents a bushel because gamblers on the wheat market sold 50,000,000 imaginary bushels of wheat. The farmer down there in Kansas or in Oklahoma that shipped his wheat to Kansas City to sell in the grain exchange, his actual wheat, out of which flour was to be made, had to compete with the gambler, or the crowd of gamblers, who offered for sale over 50,000,000 bushels of imaginary wheat, and the price of the actual wheat was based on the price of the futures, as set by the amount of futures that were sold at that time. The gamblers sold short in order to force the market down, and after the bulk of the wheat was on the market, they began to go on the other side, and forced the market up.

Mr. President, the farmer who produces the actual wheat, the farmer who raises the actual cotton, has mighty little chance in a market which is controlled by the professional gamblers who have made a business of it for years and years and who have plenty of money to back their dealings, and who, by selling short or long, manipulate the market. I have been on the floor of an exchange and have seen the action in the wheat pit. I have never happened to visit a cotton exchange, but I am told it is practically the same thing.

We in North Dakota claim that we raise the best wheat produced anywhere in the world—wheat that will make the best flour and the most of it, according to the number of pounds of wheat, of any that is produced anywhere in the world. It is the kind of wheat the millers must have to mix with the so-called soft winter wheat in order to make a good grade of flour. The farmer ships directly to some commission firm, or sells to a local elevator which ships to the commission firm, so it amounts to the same thing. The carload of wheat is sampled by Government officials and is graded by Government officials. Yes; we have what is known as the United States grain standards act, but it is like the measures which the junior Senator from South Carolina [Mr. BLEASE] spoke of the other day which were enacted for the benefit of the farmer. The United States grain grading act was supposed to be for the benefit of the farmer, to raise the grades of wheat; but, like the other so-called farm-relief measures mentioned by the junior Senator from South Carolina the other day, it did not work out for the benefit of the farmer. The United States grain standards act works for the benefit of the millers and grain buyers instead of for the benefit of the farmer.

Because there happen to be a few kernels of buckwheat or kinghead or some other foreign material in our wheat, they call it inseparable matter, and the wheat is graded down accordingly. But after it goes down to the grain buyers and the grain men, they clean out that so-called inseparable matter and sell the wheat on the basis of a higher grading. Not only that, but they sell for a good price the so-called inseparable matter which has been taken out. They sell it for screenings to feed the sheep and other livestock produced in that section of the country. The farmers of North Dakota, the farmers of Kansas, Oklahoma, and other States which raise wheat, are penalized because of a little foul material in the wheat. Not only that, but that wheat is shipped to the market, wherever it may be, and the farmer pays the freight on that foreign material or screenings, and after the freight is paid to the grain market it is given to the grain combine, and the grain men sell it and make a profit on it. I do not know what the dockage is on cotton, but I presume they have some method of docking which generally means the same thing to the cotton growers.

I want to quote further from the article which appeared in the Topeka Daily Capital. It has been stated on the floor in the argument that because of these speculative purchases a better market is furnished and the market is stimulated. This article refers to that phase of the question and then says:

But how about the total of fifty to sixty million bushels of short sales? Those transactions had the same effect as if the wheat crop had been increased that much.

One more quotation is made from one of the grain men of Chicago, and the writer makes fun of the statement the grain man made, and I think the writer of the article is absolutely correct. He goes on to tell about the Government report in regard to grain exchanges and the grain futures administration under the Agricultural Department in their report back in 1926, and then says:

Administrator hits gamblers. There were 71 days on which one or more persons either bought or sold net 2,000,000 bushels or more. In 82 per cent of the cases prices moved in accordance with these heavy purchases or sales.

In 82 per cent of the cases, mind you.

There were several days on which the trading by a single individual amounted to more than 10 per cent of the total day's business in the dominant future. At one time two traders held over 30 per cent of the aggregate of open commitments in the dominant future, which at that time was the December. This was at a time when wheat was moving freely from the farms. You will naturally conclude, as we have always been taught to believe, that these two traders were supporting the market and thereby rendering a valuable service to agriculture.

But, Mr. President, when they sell 50,000,000 or 60,000,000 bushels short when the wheat is moving, it means that just that much more burden is placed upon the people who produce the wheat, and it forces the price down.

The writer concludes his article in these words:

Speculators carrying the load—

That is what they claim they do, you know—

"Speculators carrying the load during the period of heaviest marketing" sounds well, but except in years of extreme crop shortage the professionals will be found riding easily on top of the load.

With their 50,000,000 or 60,000,000 bushels of imaginary wheat sold short.

Mr. President, it has been stated that we have in most of the States of the Union and the District of Columbia laws against gambling, against gambling devices, against gambling with dice and poker chips, or anything of that kind. Yet, in my estimation, the ordinary everyday gambler who rolls his dice or plays with a pack of cards is a mere piker as compared with the professional gamblers who sell the very staff of life, who buy and sell wheat, who buy and sell cotton, and who thus determine not only what the producers of those products shall receive but who determine in effect what the consumers shall pay.

I know there is little use to talk on the proposition. I understand that a poll has been made, and it is all "cut and dried" that the bill can not possibly pass. But, Mr. President, it seems just a little strange to me how the Members of this body, who are supposed to be and are, of course, interested in the welfare of the farmer, can excuse themselves and save their consciences if they vote against this measure and thus vote to protect the gamblers in wheat and cotton and other products as against the welfare of the farmers who produce those products. If it is wrong to gamble in the ordinary sense of the word, it is a thousand times worse to gamble in food products.

Mr. President, there has been a lot of propaganda spread against the bill. Yes, there are grain men in the city to-day who have been here for weeks lobbying against the bill. They have had farmers' elevators and cooperative elevators, and, I suppose, some of the cooperative cotton associations in the South, wiring and writing in protesting against the passage of the bill. Of course, the situation is that the farmers' elevator or the cooperative elevator in my State or in Kansas or Montana or Minnesota is forced generally under existing conditions to go to some big commission firm for the money to finance their operations, so the big commission companies which finance the little farmers' elevator out in the country town has asked the little elevator man to wire in here and protest against the passage of the bill.

Mr. BROOKHART. Mr. President, will the Senator yield?

Mr. FRAZIER. Certainly.

Mr. BROOKHART. Upon that proposition the amendment which has been made to the bill, providing that it shall not take effect for one year, gives us plenty of time, through our farm bill which we will have up in the extra session, to provide a way to finance the little elevators and take care of them so they need have no fear of the financial autocrats who are dictating their policies to them now.

Mr. FRAZIER. That is very true; but, in my opinion, there would be no danger, at any rate. There would be machinery set up very quickly to handle the cotton and the wheat if the bill should be passed. The brokers want that business, and if they can not make more than their legitimate commission in handling the real cash wheat and the spot cotton, they will take that legitimate commission rather than not take anything at all.

I remember one time in my State I was talking on this subject, and some man who lived in the city made the statement, "There are hundreds and hundreds of these commission men who are making their living by handling the farmers' products, buying and selling wheat and other products. What will happen to them if you stabilize the price and put them out of business?" I said, "I would not be at all sorry if they were compelled to put on overalls and go to work and earn an honest living, the same as the farmer and the ordinary everyday worker." These great commission men, this great wheat combine and milling trust, the great cotton buyers' organization, and the bond and stock buyers are the ones who are particularly wealthy and particularly prosperous at this time. There is where the only prosperity exists in the United States in these recent years during which we have been hearing so much about prosperity. They are the speculators in the market. It has not been the honest producers who have made the money; it has been the speculators.

Of course, those same speculators who make their easy money on the cotton exchange in New York City or New Orleans, or some other cotton exchange, or in the stock market in Wall Street or on the grain exchange or Board of Trade of Chicago, Minneapolis, Duluth, Superior, or Kansas City, are the gentlemen who put up the bulk of the money in campaign times to elect their party's politicians to office. I am not saying that that fact is influencing any vote on this question, but I can not see how anyone interested in the welfare of the farmers of his State or of the United States can possibly vote against the bill with a clear conscience, because its defeat will mean that the farmers can never have anything like a decent or fair or honest marketing condition as long as the gamblers manipulate the prices. So long as those gamblers fix the price that the farmer will receive for his wheat and his cotton, just so long will the farmers be going broke and be driven out of business by the thousands, as they have been doing the past two or three years. How anyone can save his conscience by arguing that because a man invests in an imaginary 100,000,000 bushels of wheat or in an imaginary 1,000 or 10,000 bales of cotton and gambles in that way, he is doing a legitimate business as compared with the man who in some alley is rolling a pair of dice and gambling for a few dimes or a few pennies, is more than I can understand.

If this gentlemanly kind of gambling is legitimate, and the ordinary every-day form of gambling is all wrong, then there is something radically wrong with my reasoning; that is all.

Mr. President, I have no desire to delay the vote on the pending bill. As I have already said, I think this is all cut and dried and has been for a long time. The Senator from Louisiana [Mr. RANSDELL] said the other day, in discussing this question, that this measure or similar measures of this kind had been presented here for the last 50 years; that they had always been defeated; and that this one will now be defeated. I presume it will be, but notwithstanding, Mr. President, it seems to me that the fight has got to go on, and that the character of the market has got to be changed if we are ever going to have a square deal for the agricultural classes who produce these products from the ground for the benefit of all the people of the Nation. We are allowing this system to go on—to the benefit of a few wealthy gamblers and to the detriment of the twenty-five or thirty million people who raise these products from the soil.

Mr. HARRIS. Mr. President, I can not understand the reasoning of anyone who thinks that gambling in farm products helps the producer. Not only that, but one of the largest cotton brokers in the United States, under oath, stated that hardly any of his customers dealing through his firm who had gambled in cotton and continued his operations year in and year out who had not lost money. I know that in many places in my State there are men whose fortunes have been wrecked because of their gambling in cotton futures. To my mind, gambling in buying and selling nearly 200,000,000 bales of cotton on the New York and New Orleans cotton exchanges when only 12,000,000 or 14,000,000 bales are produced by the farmers should not be tolerated. It is harmful to the producers of cotton and does good to no one else.

The measure is not everything I should like to have; there are some changes which I should like to see made in it; but I shall vote for it just as it is and the bill can be perfected in conference. I desire further to say that I can not understand how any

Senator can vote against this measure who is interested in the producers of cotton or any other farm products in our country.

I hope the Senator from North Dakota [Mr. FRAZIER] is mistaken in stating that the lobby has defeated this bill. The able Senator from Arkansas [Mr. CARAWAY], the author of this measure, states that the greatest lobby he has ever known is here trying to defeat his measure to protect the cotton and grain growers.

Senators opposing this bill have stated that the bulls and bears who gamble in cotton futures raise the price of cotton. This statement is nonsense, as everyone knows the bears would not gamble on cotton futures at all unless they could depress the price of cotton. Anyone should know that it is not only wrong to gamble in cotton futures, but it is a great injury to the cotton farmers to allow the cotton exchanges to gamble on 10 bales of cotton for every 1 bale raised by the farmers.

Mr. President, Senators who do not live in the South and understand the deplorable condition of the cotton farmers can not understand the trying times they have had the past few years. Many cotton farmers have lost their homes and everything they possessed and it has been through no fault of theirs, for they and their families have worked hard all the time. I had hoped that after years of working on bills to help the farmer that Congress would agree on some measure of relief this session and not wait until the special session to be called by President-elect Hoover after his inauguration, March 4, but those of us who are anxious to help the farmer are told by the leaders of the Republican Party that we must wait. I have told them that the farmers can not wait much longer, and many thousands have already left their farms because they no longer could make a living.

Mr. President, I sincerely hope that the farm relief bill to be passed by the special session may be a real help to the farmers, as they need assistance more than anyone else.

Mr. BLEASE. Mr. President, I was glad on yesterday when the senior Senator from Montana [Mr. WALSH] introduced into the CONGRESSIONAL RECORD a reference to the failure of certain Federal land banks out in the section of the country in which he seems to be somewhat interested. The reference will be found in the RECORD of February 12 at page 3415. The matter has previously been called to the attention of the Senate. I hardly know how long ago it was when I introduced a resolution asking for an investigation of the entire Federal land-bank system, and also a resolution asking for an investigation into the conditions of the Columbia, S. C., Federal land bank and the intermediate credit bank system. I am glad to see that there is at last an awakening on this subject, and that possibly attention will be drawn to the letter introduced by the Senator from Montana and his remark, to wit:

The information was startling in character to me.

I hope, Mr. President, that some of the other Senators will wake up to the fact that there is startling information in the letters, affidavits, and articles from newspapers which have been inserted in the CONGRESSIONAL RECORD for at least 12 months on this very subject.

Instead of the Federal land banks being of assistance and helping the farmers of the country, they are selling the farmers out of their property. I desire to call the attention of Senators who have not read it to an article inserted in the CONGRESSIONAL RECORD on February 2, at page 2760, where the statement is made that—

Paul A. Preus and Ofsthun were indicted here.

That was at St. Paul, Minn. Preus was a brother of the then governor of that State. The article sets out the facts, and I should like to have Senators read it. I shall read a portion of it, as follows:

In August, 1925, Ofsthun offered to purchase from the bank for \$250,000, 94 North Dakota farms it had obtained under foreclosure. With his offer he inclosed a \$15,000 check as part payment. The offer was accepted, after which Ofsthun immediately assigned his interest in the farms to E. W. Backus, millionaire Minnesota lumberman.

Meanwhile the Investment Land Corporation had been formed by Backus and Frank Thompson, widely known St. Paul politician. Ofsthun was made secretary of the corporation and Backus's interest in 91 of the 94 farms was assigned to the corporation.

Ofsthun appraised the land for the Investment Land Corporation and was paid for his services by that company. In September, 1925, he presented a bill of \$1,253.35 to the land bank for the same services. The bill was approved and paid by Preus as treasurer of the bank.

The same month back rentals on the farms totaling nearly \$23,000 were paid to the bank. In the purchase contract between the bank and the Investment Land Corporation no mention was made that a portion of this sum be paid the corporation. The indictment charges, however, that \$11,853.55 of this sum was paid by the bank to Ofsthun at the direction of Preus.

Several foreclosed farms then were sold by the bank through sources other than the land corporation, although Ofsthun was paid \$2,274 by the bank as commission for selling them.

Early in 1926 the Midwest Farms Corporation was formed by the Backus-Thompson interests to purchase more foreclosed farms from the bank. Ofsthun, already secretary of the Investment Land Corporation, also became an employee of the new company.

In February, 1926, Ofsthun offered the bank \$250,000 for 106 foreclosed farms. Soon after this the Midwest Farms Corporation offered the bank \$275,000 for the same farms, and the offer was accepted. Ofsthun then informed Preus that he (Ofsthun) was entitled to \$25,000 as commission on the deal.

This transaction was followed by the sale by the bank of 24,000 acres—

Think of that Senators—24,000 acres!—

of foreclosed land, valued at several hundred thousand dollars. Ofsthun then presented a bill to the bank of \$12,447.60 in commission he asserted he was entitled to in the sale of the 24,000 acres.

Mr. President, I shall not continue to read further. I simply read that much from the article, which is already in the RECORD, in order to show exactly what these banks are doing. In South Carolina—and I do not say this because it has to do with my own State, for it seems that the same practices are going on in other States—in South Carolina the Federal farm land bank is furnishing farmers and running farms in competition with the farmer who is there tilling the soil; that is, the bank has actually, Mr. President, put the United States Government in the business of farming. Here [indicating] are the letters; here [indicating] is the proof. We say we do not want the Government to engage in business; we say that we do not want the Government to compete with honest people who are trying to make a living; and yet these banks, foreclosing mortgages of farmers who are not able to take care of them, are then putting others in charge of those farms as overseers for the Government. Mark you, Mr. President, the banks are not renting out the farms, and taking their chances on collecting the rental for them, but they are actually putting men in charge of the farms and furnishing those men money in order that they may become farmers for the Federal Government in competition with the little fellow who is trying to make an honest living for himself and his family.

In the county of Beaufort, in South Carolina—a county which has progressed wonderfully in the last few years—the people deserve great credit for the forward stride they have made in truck farming and other industries. Now comes the Government of the United States and says to those people, "We have foreclosed mortgages in your county over thousands of acres of land. We are going to raise truck; we are going to farm on our own responsibility in direct competition against you people. We put these lands on the block. You were not able to buy them. Your interest had eaten you up. The cost of this foreclosure, lawyers' fees, and other court fees, has been very high. We"—who are "we"? The Government of the United States, through its agents, the Federal land bank and the intermediate credit bank—"we have bought these farms in at a low price because conditions were such that you could not buy them back yourself or get any one else to purchase them for you; and now we, the Government of this Nation, the officers of this Nation, are going to use them and run them in competition with those farmers who are left."

What are they doing, Mr. President? A farmer out in the country has his wife, maybe one boy, maybe five boys, sometimes probably more. You sell that farmer's land, and what do you do? You are driving one, five, or more boys off the farm into the cotton mill or into some other kind of work. If you let that man stay on the farm, his children are reared on the farm. His daughters love the farm. His boys love the farm. "That is where daddy was. That is where mother was. That is our old home." They will stay there. Some of them, at least, will become farmers. Some of those girls will marry boys who are farmers; and you build up the farm, you strengthen the farm, by keeping people on it who do not know anything else and who love that class of work.

But when the Government comes in, through its agents, and sells that man's farm, it destroys his children as farmers. It destroys that love of the farm home. They move, of necessity, into the town, and probably go into the cotton mill, or possibly into some other kind of work; but those boys and girls are forever lost to the farming interest of this country. I ask you, Senators, are they entitled to any consideration?

I know men in this body who to-day own the old homestead. I wish I had been able, when I was a young man, to buy my father's home when it was sold. They love that old home. Some of them have their children living on it to-day. Some of

you very Senators take your salaries as Senators and put them on your farms, when you could possibly sell those farms, get off them, and make conditions better for yourselves; but you say, "That is daddy's old home. That is where mother lived." The old place is sacred, and some of the Senators in this Chamber now are spending money to keep it running. I am looking now at one Senator who has spent thousands of dollars to keep his boy on the old farm, and I had a long talk the other day with another Senator who has done the same thing. Through all of the vicissitudes, through all of the trouble, through all of the worry, he has gone down into his pocket and made the losses good; and it is the pride of his heart this afternoon that he owns the farm that his grandfather lived on, that his father lived on, that he was born and reared on, and that his son lives on to-day.

Senators, that is not mere fancy. It is a serious proposition. We can not live in this country without the farmer. We have to have him. Whether we like him or not, whether we pay any attention to him or not, whether we care whether he perishes or not, we can not live without the farmer. We have to have him.

I am not talking so much for South Carolina, because, while I am no prophet, I do not believe South Carolina will be much of a farming State 25 years from to-day. We have taken from Massachusetts, Vermont, New Hampshire, Connecticut, and other parts of this country a great deal of their capital. They are moving their cotton mills South. Just across the road from where I spend the summer, at the home owned by my wife and her two brothers, there is a cotton mill that was put there in 1838. The little post office has been known since that time, up to two or three weeks ago, as Autun. The cotton mill was known as the Autun Cotton Mill. The great La France Corporation have bought it. In the last few months they have built many houses there. They have built two new plants. They are now building another plant. They have changed the name of the little town from Autun to La France. They have named it for the big corporation that bought it. We are glad to have them. We have not any objection to the change of the name of the post office if it will better the condition of the people who are there.

In other parts of my State these manufacturers are coming. We want them all. We are glad to have them, because they are helping us. They are doing us good. They are not bringing in foreign labor, if you please. We are not bothered with foreign labor. South Carolina has less foreign blood in it than any other State in the American Union. I suppose if you should go into all of the States and make a thorough examination you would find that there is more pure, unmixed American blood in South Carolina than in any other State in the American Union. Of that we are proud. So may it remain.

We are not afraid of your cotton mills on account of the negro labor, because the negro can not work in the cotton mills. The hum of the machinery puts him to sleep. Therefore he does not come into competition with our white people in that line of work.

Some of you may think that is curious, but it is an actual fact. It has been tested. They have been tried in the cotton mills of the South, and they can not stand the swish-swash of the big machinery. As proof of it, take an engineer. If you put a colored man on an engine and let him fire it, he will stay awake all day and a good part of the night, if his duty calls him; but if you put him up on the engineer's seat and tell him to put his eyes on the rail, and that big, old engine begins to swag, in 30 minutes you will have a very quietly sleeping engineer. That is why the negro never is promoted to be an engineer on a railroad.

Therefore, I am not speaking on this question or calling attention to it because of any competition that we are afraid of, but I am calling attention to it because of the injustice that is being done the farmer boy and the farmer girl when you drive them off the farm and drive them into doing something else. Who is going to feed you? Who is going to clothe you? These big corporations may go on for a long time; Wall Street may prosper; the New Orleans Stock Exchange may make millions; but when you get hungry, somebody will have to go out in the field and sow wheat. When you want clothing, somebody will have to go out and plant cotton. Somebody will have to hoe that cotton when it gets up a little piece. Somebody will have to plow it out after a while, take an old mule and follow him along from daylight until dark.

Mr. BRUCE. Mr. President, may I interrupt the Senator for just a moment to ask him a question?

Mr. BLEASE. With pleasure.

Mr. BRUCE. I should like to know whether any negro in South Carolina has ever been given the opportunity to show whether or not he would fall asleep as a locomotive engineer?

Mr. BLEASE. Oh, yes; they have been put in cotton mills and put on the engines, and they go to sleep. If my friend does not believe it, when Congress takes a recess and he will go down home with me, I shall be delighted to have him; and I assure him that I will not put him in any desert, either. I will see that there is a splendid spring near where we are, so that he can be properly cared for, and I will feed him well, and I will demonstrate just exactly what I am stating on this floor.

Mr. HEFLIN. Mr. President, of course the Senator does not mean that he intends to put the Senator from Maryland behind an engine where the negro is going to go to sleep on him?

Mr. BLEASE. No; I would not do that, because I love the Senator from Maryland, and I would not deprive his State of his great service, even though they have deprived themselves of what I consider a wonderful, brilliant service in this body.

Mr. BRUCE. I thank the Senator.

Mr. BLEASE. Mr. President, I hope the Senate will consider these matters. We can not stop people from farming. We will have to have farmers. I am in favor of stopping gambling on cotton exchanges; and I want to plead guilty right now—I do not want anybody to misjudge me if I can help it—I do not know one thing about it. Now, that is honest. I was born on a farm and reared in a town. I do not know anything about farming except what I see. I do not set myself up as a farm expert; but I do know that there is something wrong. I do not know whether the Caraway bill is best or not. I do not know whose proposition is right or whose is wrong. I am trying to learn. I wish my farmers down in South Carolina would get together and wire me what to do, and I would do it; but the trouble is, they will not get together. We had the alliance in South Carolina. First we had the grange. They got into politics and busted all to pieces. Then we had the alliance. It did the same thing. But we have on this floor a man who has sat here for 20 years as a representative of the farmers of South Carolina. Whether or not they made a mistake, you can judge; but, whether it is a mistake or not, the farmers of South Carolina in 1908 and each sixth year since that time have elected to this body the senior Senator from my State [Mr. SMITH] as the direct representative of the farmers of South Carolina. How well he has performed that service I think is shown from the fact that, if God spares him his health—which I hope He will—at the end of his present term my colleague will have served in the Senate longer than any other South Carolinian has ever served, not excepting the great John C. Calhoun. I shall follow him in this matter. If I make a mistake, it is not my mistake; it is the mistake of the people of my State who have indorsed his career year after year as their direct representative upon this floor; and I will say personally that I think he has made for them a good and faithful servant.

Mr. President, I would like to see this gambling stopped. It is something that does not fool me. As I said the other day, I have never bothered with cotton futures. I might have bothered with them if I had had money enough, but if I had lost I would have been in a devil of a fix, so I decided that I had better keep what I could get by my work. But I know what occurs on these exchanges is gambling. I have seen young men in the town in which I was reared, before South Carolina drove the bucket shops out, and I have seen farmers—I could call the names of two or three who are very well-to-do men—who got to fooling around, or, as they called it, "monkeying" with the cotton bucket shops, and lost everything they had. I have never known a man yet, except a regular speculator who studied the business, and who trained for the business, who has ever been able to make anything out of it.

Our State drove out the bucket shops. As far as they could, they drove out what they thought was the evil, but they left in the city of Columbia and in some other cities places where a man can go, put up his money, and buy futures. Every day at a certain hour the Western Union telegraph offices are thrown, with their great service, into the hands of the cotton gamblers. I know that; that is not hearsay, because I once had an office right next door to a young man who could not attend to his law business because of calling up to find out what the cotton market was doing, and he did as the rest of them did, he went broke.

Those are facts, Mr. President. That is just good, hard, common-sense talk, I hope. How are you going to stop that gambling? As I say, I do not know anything about it. If I make a mistake, you will know it is through unfamiliarity with the subject. If you drive those people out, and the dealings are just between the millman and the man who sells the cotton, in what position will we be then?

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. BLEASE. With pleasure; I am trying to learn.

Mr. FRAZIER. Under the amendment that was agreed to here on the floor to-day, if this bill is passed, a year's time will be given before it will go into effect, and within that time a system can be built up, I believe, that will take the place of this so-called future trading system, which the Senator and I call a gambling proposition in handling the farmer's products. If machinery can be built up to handle it in some other way, it seems to me it would be a great deal better than the present gambling system.

Mr. BLEASE. I agree with the Senator; that is what I am trying to get at. But I know something about the cotton-mill people, and I do not blame them altogether. They want to get cotton at just as low a price as they can get it. Suppose you get rid of the speculator and fix it so the dealing will be directly between the fellow who raises the cotton and the cotton-mill man, the manufacturer; how are you helping? That is what I would like to know.

Mr. CARAWAY. Mr. President, will the Senator yield?

Mr. BLEASE. With pleasure.

Mr. CARAWAY. The Senator says that he does not blame them, that the cotton-mill people want to buy cotton at as low a price as they can.

Mr. BLEASE. Yes.

Mr. CARAWAY. Does he believe they could buy it cheaper if this bill should pass?

Mr. BLEASE. Mr. President, I have just said that I was ignorant in this matter, and I am not expressing any opinion on it.

Mr. CARAWAY. Every cotton-mill man is against this bill.

Mr. BLEASE. I think so.

Mr. CARAWAY. Could they buy cotton cheaper if it were passed or if it were defeated?

Mr. BLEASE. Mr. President—

Mr. CARAWAY. They know, do they not?

Mr. BLEASE. It seems to me so; but if they are against it—

Mr. CARAWAY. If they do know conditions, and they are against this measure, it follows that they can buy cotton cheaper under the present conditions than they could if this bill were passed, can they not?

Mr. BLEASE. That might be true of buying the actual spot cotton, but how about the gambling?

Mr. CARAWAY. I do not know what they can make in gambling.

Mr. BLEASE. That is what I am trying to find out.

Mr. CARAWAY. The Senator starts out by saying that the mill people would buy cheaper if they could. Then why should they oppose this legislation?

Mr. BLEASE. Mr. President, that is something I do not know anything about. I have represented but one corporation in my life, and that was a little railroad that ran from Laurens to Columbia. It was less than 75 miles long, and every time the legislature wanted to pass any law about railroads the president would come to me and say, "Get them to exempt roads under 75 miles"; and in the house and in the senate I endeavored to do that, and I think I generally succeeded.

That is the extent of my corporation practice. I never represented a cotton mill or any other kind of a corporation. I have never been a corporation lawyer, and I suspect that that is why I am here now.

Going back to my proposition, if we can get anything better, let us have it, but do not let us jump out of the frying pan into the fire unless we know where we are jumping. That is a common, everyday expression, but that is the way I feel about it.

Mr. CARAWAY. Mr. President, may I ask the Senator a question?

Mr. BLEASE. Yes.

Mr. CARAWAY. If the Senator knows somebody who is not in favor of what will be good for him, he does not want to hook up and go along with him, does he?

Mr. BLEASE. I have hooked up to a good many things I have found out I would better have left alone.

Mr. CARAWAY. That is not my question. If the Senator knows that if he travels with a certain crowd it will hurt him, he will not travel with them, will he?

Mr. BLEASE. Not very long.

Mr. CARAWAY. Then, would not the declaration that the cotton-mill men are opposed to this legislation influence the Senator's action?

Mr. BLEASE. I told the Senator a while ago that I started out by discussing farm-loan banks, and just drifted into this argument. I am going to let the Senator from Arkansas and the senior Senator from my State settle that. If the senior Sena-

tor from my State makes a mistake, and I go back home and should run for reelection and they jump on me about this bill, I am going to say, "I followed the senior Senator," whom they have been voting for for 20 years.

Mr. President, I have a letter from Huntersville, W. Va., dated February 4, 1929, signed by Mr. G. M. Sharp, whose headline reads "G. M. Sharp, farmer."

I have another letter, from Mr. G. A. McDonald, M. D., Fairfield, Ill. When I first read that I thought it was from my State, because we have a Fairfield County down there. It is from G. A. McDonald, secretary-treasurer of the Golden Gate National Farm Loan Association.

I have another letter, from the Black Mingo Hunting Camp, Henry, S. C., signed by Mr. John J. Snow, jr., which sets out some remarkable facts in reference to this bank in Columbia, S. C. I am going to ask that these letters be printed along with my remarks instead of taking up the time of the Senate to read them.

The PRESIDING OFFICER. Is there objection?

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

HUNTERSVILLE, W. VA., February 4, 1929.

Hon. COLE L. BLEASE,

United States Senate, Washington, D. C.

DEAR SIR: Your resolution appearing in CONGRESSIONAL RECORD of January 28 for an investigation of the Federal farm-loan banks is commendable, and I hope you may press this to a conclusion. I have a farm loan which I have had for 10 years, and contributed 5 per cent, or \$200 in stock. In these 10 years I have received three small dividends. If I write the Federal Land Bank of Baltimore about it, they say see your local association; if I ask our local association about it, he says they have to withhold dividends for this reason or that. So it is hard to get any light on the matter. Since these are farmer-owned banks, why is it that our secretary-treasurer is a nonstockholder? Why are we not entitled to a stock certificate, same as any other bank? Why do we not receive, as stockholders, some financial statement from time to time? Why is it that no farmer-owner stockholder within my knowledge ever knows how much dividend is declared each year and whether he gets the amount that is declared or not? Or is all the earnings from this stock which the farmers hold going out in overhead to a bunch of political pulls for good, fat jobs?

I hope you may get some results from your resolution.

Yours very truly,

G. M. SHARP.

FAIRFIELD, ILL., February 6, 1929.

Hon. COLE L. BLEASE,

Washington, D. C.

DEAR SENATOR: I desire to congratulate you upon the fight you are making in behalf of the farmers, who now own practically all the stock in the Federal land banks. Much of the information you have caused to be published in the RECORD corroborates the situation here, and the history of the Farm Loan Bank of St. Louis is simply a duplication of the general trend of affairs relating to the management of these banks. I organized one of the first farm-loan associations in these parts, charter No. 540, and have been secretary-treasurer of that association ever since. It is damnable to review the chicanery by which the farmers have been deprived of the rights which the farm loan act conferred upon them in the management of their own business and investment. The farmers have absolutely nothing to do with the control or management of the farm-loan banks. The bunch of politicians who were appointed to set up these banks were no sooner established in office and hung up their hats than they began to plot to perpetuate themselves in office. Through their connivance the farmers have been deprived of every right contemplated by the founders of this great institution, which ought to be the most perfect example of farm cooperation. From its very inception it has been a 1-man system, with Judge (?) Lobdell in full control during his term as chairman of the board. The land-bank officials were simple clay in the hands of Potter Lobdell; whatever he proposed they helped put over. It looks now like the whole system would soon be on the rocks. Recently the St. Louis bank sent out notice that the present rate on loans could not be guaranteed beyond March 1, stating that the "money market" was so unfavorable that it was likely that the next issue of farm-loan bonds would have to be sold with a higher rate of interest. In case the rate is advanced, it will be of advantage to farmers through this part of the country to secure their long-time loans from other sources. Nothing I could say would likely be anything new to you, but I mention some of these things as seeming to be common in other parts. I am not looking for your resolution to meet with any favorable action at present, but want to assure you that many of the associations will appreciate the effort you are making to have this matter aired.

Yours truly,

G. A. McDONALD,

Secretary-Treasurer Golden Gate National Farm Loan Association.

WASHINGTON, D. C., February 8, 1929.

Dr. G. A. McDONALD,

Secretary Golden Gate N. F. Loan Association,

Fairfield, Ill.

DEAR DOCTOR: Senator BLEASE has your favor of the 6th instant, and the Senator appreciates your kind references to his efforts to procure an investigation of the Federal Farm Loan Bureau and the Federal land banks.

He also wishes to thank you for the information contained in your letter, and you may be assured that he purposes to press for the investigation.

Very respectfully,

JOHN D. LONG, Secretary.

BLACK MINGO HUNTING CAMP,

Henry, S. C., February 11, 1929.

Hon. COLE L. BLEASE,

Senate, Washington, D. C.

MY DEAR SENATOR: In 1926 I made application for loan through the Federal Credit Bank of Columbia, S. C., and I purchased \$500 stock from the loan agency handling my papers. I paid them in full that year.

In 1927 I made application in like manner, but was required to take additional \$500 stock, and I again paid them in for the advance made each year of \$5,000.

Now in 1928 my application for loan was rejected, although my financial statement was better than the previous years. The reason for this was that my father's financial statement would not justify the credit risk. I realize that my father's financial statement is not as good as I would like it to be, but his statement in 1928 was identically same as it was in 1926 and 1927, and if it would warrant a loan then, it certainly would warrant one now.

The point is this—they have \$1,000 of my money and refuse to loan me, when they are indebted to me.

I have always supported you, and as my Senator want you to please advise me what recourse I have.

As you know, 1928 was a bad year, and I had to pay unheard of prices for fertilizers on time. I managed to pay my debts. Am in better shape than I was in 1926. Why can't I borrow when I was forced to pay \$1,000 for stock?

Any information you can secure from the above matter will certainly be appreciated.

Thanking you for your prompt attention, I am,

Your very truly,

JOHN J. SNOW, JR.

WASHINGTON, D. C., February 13, 1929.

Mr. JOHN J. SNOW, JR.,

Black Mingo Hunting Camp, Henry, S. C.

DEAR SIR: Senator BLEASE has your letter of February 11 with reference to your transactions with the Federal Land Bank of Columbia, S. C.

In reply, I beg to advise you that yours is one of a number of complaints which have been received by the Senator as regards the methods employed by this institution.

He now has pending in the Senate several resolutions asking for a congressional investigation of the affairs of not only this bank but the entire Federal farm-loan system, and so far not a single southern Senator has raised his voice to help him. It appears to be a case of "Nero fiddling while Rome burns."

You may be assured, however, that the Senator will continue to press for the investigation and to do what he can for the relief of the farmers.

Very respectfully,

JOHN D. LONG, Secretary.

Mr. BLEASE. I also have an article from the New Republic headed "So This Is Farm Relief," by Gertrude Mathews Shelby. I ask that it be printed also along with my remarks.

I also want to have two other articles, Doing Things for or to the Farmer, by J. P. Warbasse, editor of Cooperation, and Politicians Are All Alike as Bankers. I ask that these be printed along with my remarks.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New Republic, February 13, 1929]

SO THIS IS FARM RELIEF!—THE LOAN SYSTEM'S SORRY RECORD

By Gertrude Mathews Shelby

When Mr. H. G. Wells burgeoned forth with spring, in the Saturday Evening Post, expounding the question "Has the money credit system a mind?" he described "the banking financial community" as having control without responsibility, and observed that, "it displays but slight awareness of what as a constituent organ of society it is up to. It is just working uncritically, like a born cart-horse in a cart."

An extraordinarily interesting test of this question exists in that colossal centralized credit community of ours known as the Federal farm-loan system. Now 12 years old, it boasts nineteen hundred millions of assets, and the achievement of having lowered farm-mortgage interest rates by about 2 per cent. Political optimists like President Coolidge, blandly content with vast size and extensive service, ignore—at least, publicly—this system's incidental, but important, powers of social control, the beneficial uses of which require masterly application of mind.

Economists point out that, even with rates lowered 2 per cent, farmers are paying too much for necessary financing. Our rates are higher than those available in 20 other leading countries. Our farm industry earns only about 4 per cent on its investment. It can not afford to pay 5 to 6 per cent for mortgage loans, nor for marketing loans, to say nothing of the customary 10 per cent for financing crop production where such credit is obtainable. Why, the farm organizations demand, with the world's largest rural-credit system, offering tax-exempt bonds denominated as Government instrumentalities, should farmers of the United States pay more for funds than farmers in other lands pay for loans from smaller systems?

That administration of our rural credit has not resulted in low enough interest rates is merely a first point made by critics. They complain that major social powers, carefully prepared for in drawing the farm loan act, have been abused or perverted. One of these powers looks to the prevention of unnecessary deflation of the farmers' permanent investment, his land. That section of our 3-part system for farm-loan relief, the Federal land banks, controls about 10 per cent of the total farm-mortgage business of the country. The 12 regional Federal land banks are under Government control. Nation-wide in their activities, they possess regulatory powers which extend to the authority to sustain farm-land values to an important degree.

The acid test of whether this credit community has a mind involves this point.

Encouraged by high prices and the boom methods of farm realtors, some—by no means all—of our farmers bought too much acreage at inflated postwar prices. With the failure of farm income, deflation occurred, followed by a land crisis. Bankruptcies and foreclosures were widespread and inevitable, and the tragic procession of defeated farm families began to move citywards, seeking livelihood in other occupations than those to which they had been trained. By 1924 it was a migration; then a rout. To-day we know that we suffered a net loss in farm population of 4,000,000, and still land panic is with us. Farms are still being foreclosed in numbers by mortgagors, and land prices are strikingly subnormal. The question is: Did the farm-loan system display the disposition and the intelligence to use its wide powers to sustain land values as much as possible?

Concrete acts allow ground for belief that the system exerted its powers, perhaps blindly, to the positive detriment of agriculture, for whose relief it was designed. For, somewhat casually, when deflation of farm prices was well under way, the Federal Farm Loan Board initiated a drastic policy, the significance of which—since nominally it had to do with accounting—remained obscure for several years. Presidents of the Federal land banks were advised that "acquired real estate"—foreclosed farms—must be completely charged off the books immediately after taking. Since land banks have no assets save lands, this ruling was tantamount to inflicting a rate of 100 per cent depreciation upon the business. Thereafter, for more than five years, all farms foreclosed were not listed in any value whatever as assets. The true asset value of these farms was thus concealed.

The effect of this ruling was calamitous. Like all other agencies lending on land, the Federal banks had to carry an overburden of real estate, although they were not, in most instances, so badly off as State or certain national banks, or many insurance and mortgage concerns.

An identical problem faced all alike: How to carry the land until it could be profitably sold. "Hold" was the watchword. Experts advised a private insurance company with heavy mortgage investments that to sell 5,000 acres in parcels scattered throughout Iowa at forced sale would depress farm-land prices throughout the State \$25 per acre.

Commercial banks having demand obligations were soon compelled to sell. Land banks, however, were in a favored position.

Accepting no deposits, free from demand obligations, they were also fortified by the provision in the farm loan act designed to meet just such a crisis, and to allow for the cycle of industrial ups and downs: The land banks are empowered to hold land five years if necessary, and no fixed rate of depreciation is set. Generally speaking, the Federal land banks were in a good position to hold, since appraisals for the most part had been conservative. Testimony given in congressional hearings states that in Iowa, for example, \$100 per acre was arbitrarily fixed as the top value that would ever be accepted as a lending basis. The Federal land bank loaned closer to 35 per cent than the legal 50 per cent of the accepted valuation.

The policy of complete, immediate depreciation of all assets, however, changed the complexion of the situation, since it deeply affected the balance sheets of many of the Federal land banks. To make a reasonably good showing the land banks of various districts had to sell. There were few buyers at any price. As tight-pressed commercial

banks attempted to liquefy assets nearly all at once, a glut of land accumulated. When, regardless of market conditions, certain land banks joined the stampede and dumped land—sometimes wholesale—on a market which was already bad, prices dropped plummetwise.

The St. Paul Federal Land Bank sent to the auction block in a single batch parcels of land worth one million; the cash price received was \$375,000. The transaction brought a large direct loss to the bank, but its indirect losses were worse. By depressing values the security behind every good loan was reduced not only for this bank but for all mortgage agencies. And the human loss! Farmers in no visible way related to the Federal land bank saw their equities in their farms diminish, and, in some cases, vanish. Such a process inevitably increased the migration which it was the obvious duty of the system to exert itself to check.

In the great Spokane Land Bank a serious situation was reached by 1924. Federal land banks have interlocking liability; all are responsible for the losses in any. Spokane's overburden of foreclosed lands (and unpaid taxes) alarmed the Federal board and the other 11 banks. The condition set up by law for receivership of any bank is default of interest on its bonds. This was not reached at Spokane; nevertheless, a receivership, camouflaged under the name of the Spokane Commission, was set up. To-day Spokane stockholders complain that their bank never actually required any such treatment; that had they been allowed to count their real assets at book value (farms appraised at ten millions which the bank had foreclosed), they would have worked out their problem. They complain that a large land-sales department, employing 40 people and extra officials, exerts a costly and dual control over the bank's affairs, which Spokane is required to stand because the other 11 banks furnished, up to 1928, some \$2,800,000 to help Spokane out.

We lack sufficient information to test the justice of these contentions. A covering darkness has been maintained for some years over the actual contract between Spokane and the other 11 banks, about the amount of land sold, whether wholesale or retail, as well as about the prices received and the names of the purchasers. The apparent secrecy has its excuse in the probable effect on the bond market. If farmers of other districts had known that three millions of funds otherwise available for dividends to themselves were diverted to the Northwest necessarily or unnecessarily, stockholders as well as bondholders might have exerted themselves in an effort to find out whether the situation was caused and prolonged by stupidity or by design. After the fact, the information did less harm; yet it would appear that a flood of light should still be let in.

For the financial aid given Spokane taxed the resources of other banks, and the continuance of the charge-off policy even more so. To-day the Columbia, S. C., bank is said to face a more serious situation than any other. Six out of twelve of the Federals, by 1927, showed their embarrassment by cutting their dividends; four reduced, two paid none whatever. Why these facts were omitted from the 1927 annual report of the Farm Loan Board to Congress is a question of interest. For two years those annual reports of the Farm Loan Board have been oddly delayed. The 1926 report was withheld until Congress had adjourned. Finally submitted as of a May date in 1927, it was not printed for general distribution until the very last of that year. The 1927 report, due in the first quarter of 1928, was held up until the Senate finally passed a special resolution demanding it; its appearance was made on the eve of the adjournment of Congress in May. Astonishingly, that report included tables for a whole quarter of the year 1928.

Statements from this board before now have puzzled even wise members of the Senate Banking and Currency Committee, usually because they were brief, consolidated, unelucidated. But why should the board have been moved to the unprecedented presentation of figures for 15 instead of 12 months? Explanation lies in the fact that in February, 1928, the 100 per cent depreciation policy on foreclosed farms was at last abandoned. The book value of many million dollars' worth of farms distinctly improved the appearance of the March statements over those of December. Revoking the policy was proper; inclusion of three months of 1928 decidedly improper. Such practices in a presidential campaign year invite damaging comment upon the board, headed by Eugene Meyer, intrusted with the supervision of \$2,000,000,000 institutions, and required promptly to present unconfused facts for one year at a time to Congress and to stockholders. Query: Was the action the result merely of inadvertence?

Was the depreciation policy which, according to qualified analysts, unnecessarily embarrassed the farmers' banks, and increased instead of checking deflation, perpetuated through mere inability to use machinery properly?

Perhaps the Federal Farm Loan Board and the political appointees who officer the Federal land banks simply muddled along. Certainly the alternative is not agreeable to consider. It would imply a prolonged hostility toward the farmers' own nonprofit banks. It might entail indictments of successive Farm loan boards, of Mr. Mellon, ex-officio chairman, and of the administration. Nevertheless, the sequence of farm-loan activities is so interpreted in certain quarters. Evidence offered in connection with the long-suppressed joint-stock land bank scandals is pertinent to this theory. In 1926 the privately

owned and parallel system of joint-stock banks, competing with Federals, found themselves confronted by a similar, but far less stringent, ruling of the Federal Board, requiring a charge-off of 20 per cent annually on acquired real estate, and setting aside an extra reserve. The majority fought like wild elephants. They uttered strong charges concerning old-line mortgage interests using Treasury influence to wreck the farm-loan system. They declared that this depreciation policy, not half so exacting as that which had long been in force in the Federals, would actually ruin the joint stocks, which had a much lighter burden of acquired land.

So effectively did the joint stocks protest the right of the Federal Board or the Treasury to interfere with fiscal policy—the clear prerogative of their own boards of directors—that ultimately the rules which had been formally adopted were revoked, with the approval of Mr. Mellon, without ever having been put into force.

Now, if the joint-stocks' contention that such a policy would ruin their banks is correct, it would appear that for years before and a year after the Federal Board let this branch of the system off, it consistently maintained that policy to the prejudice and actual damage of the farmers' Federal land banks. Why the discrimination between the two systems? Since early in the game, the private, profit-making joint stocks have been favored. When Congress, in its alleged wisdom, set up two parallel systems of banks to do the same work, the least that could have been expected of the supervisor, the Federal Farm Loan Board, was impartiality. Yet it appears that the farmers' own branch, for whose stock farmer stockholders have paid in sixty-one millions of hard-earned, crop-made dollars, has suffered a weighty, unseen handicap. These stockholders have never been permitted to control the boards of their own banks—and thereto appends a tale of political chicanery almost without parallel! They have been kept virtually unable even to find out what was actually being done to them. So this is farm relief!

Not unnaturally, the favored joint stocks have been able in recent years to outloan the Federals. Not unnaturally, six of the farmers' banks are less prosperous than they might be expected to be by virtue of the three billions of good lands pooled by their members, the tax exemption their bonds enjoy, and the sublime trust farmers somewhat blindly place in their government. What is remarkable is that, despite losses, because of its vast resources and the faith which has to date bred new business, the farm-loan system is still financially sound.

To make it sound in all other ways is imperative. Dangerous tendencies must be checked and legislative and administrative adjustments made. Before passing new farm-aid legislation, this Congress might well adopt means to achieve the full purposes of that hopeful Congress of 1916, which fathered the farm loan act. Those who advocated social control of banking and credit should concern themselves with fool-proofing the farm-loan credit community, and supplying it with necessary gray matter to allow its development in the superlatively important field of cooperative credit, on lines which do provide low interest, assure self-help, of which politicians can not make ducks and drakes, and prevent dangerous absent-mindedness in regard to genuine information and major policies.

GERTRUDE MATHEWS SHELBY.

DOING THINGS FOR OR TO THE FARMERS

By J. P. Warbasse, editor of Cooperation

The Danish farmers won economic independence not when they created their own cooperative organizations for buying and selling, although this was a long step. They freed themselves from the need of subsidies and philanthropic considerations when they created their own credit institutions.

FEDERAL LAND BANKS USELESS NOW

In the Federal farm loan act the farmers of this country have a tool through which they may gain control of their own credit. But the land-bank system is utterly useless unless it is controlled by the people for whose benefit it was supposed to be created. A Federal farm-loan banking system that is controlled by the great banking interests for their own benefit is neither of nor for the farmers.

GIVE FARMERS CONTROL OF LAND BANKS

Let the farmers get together to secure the control and administration of the land-bank system. If it is for them it should be by them. If they should secure control they prove that they can neither get the control nor successfully administer the system, then we shall have to acknowledge that the orators are wrong. But the farmers should have the chance. Or they must make it. There is hope that they will, if their eyes can be turned away from other people's schemes to have somebody help them, and if they learn to look to themselves for help.

DANGERS LURK AHEAD UNDER SYSTEM

If the farmers are not permitted to create and run a cooperative banking system which is the one thing needed for their salvation, the farmers will continue to lose their land. The land will be worked by a steadily increasing class of tenant and debtor farmers, until we have our farming carried on by a poor peasantry who live at the mercy of those who speculate in the products of the farmer's industry.

This is the prospect toward which this great country is moving—a country that once was rich with healthy and industrious human beings who represented the cultural as well as the greatest economic resource of the Nation, and who dwelt upon its farms where acres of waving harvests were unmortgaged.

Orators go roaring across the countryside telling the rural population that "everybody knows that the American farmer is the most intelligent farmer in the world." Well, everybody doesn't know it. The orator couldn't prove it. The farmers may by this time have heard it so much that they think it is true. There is one man at least who knows it isn't true—that is the commission merchant.

The Danish farmers showed that they were more intelligent than the American farmer when they stopped asking somebody else to help them, and went ahead to help themselves. And the American farmer will take the first steps to confirm the claims of the orators when they do the same thing.

SUBSIDIZED FARM LOAN A MENACE

The American farmer will begin to help himself most effectively when he realizes that any measure for farm relief that subsidizes the farmer and costs money damages the farmer more than it helps him. To understand this he has first got to realize that a subsidy to the agrarian interests does two things; it increases taxes and it weakens the farmers' independent power of self-help.

Anything that increases taxes hits the farmer harder than it hits any other class. All taxes, as a matter of fact, get back to the land sooner or later. Other property can be concealed from the tax collector; but you can't hide a piece of land with a couple of buildings sticking up out of the ground. It pays all that is assessed upon it, and there is no escape. The collector will have his taxes or the sheriff will have the land.

But tax the trader, the merchant, the manufacturer, or the professional worker, and every one of them adds the tax to his prices and passes it along the line to the consumer. All of these people fix the prices on what they sell. The farmer is in the unfortunate position that he does not fix the prices of what he sells; the other fellow does it for him.

The oil producer says, "I need \$10,000,000 to endow a university"; and he adds half a cent to the price of gasoline for a few days, and he has the money. The farmer says, "I need \$198 to put a new roof on the barn," but he can not say, "I'll put a couple of cents more on the price of wheat or raise the price of pork a half a cent." He does nothing of the kind; he lets somebody else reduce the price for him, and the roof keeps on leaking. He pays his own taxes, and most everybody else's taxes, too; and the pity is that too many farmers do not know it.

The farmers of the United States are our largest class of consumers; they pay the bills that the other fellow passes on to them. They are the largest class of landowners; they pay the direct taxes that are imposed upon them without escape.

Again there is agitation to do something for the farmers. Another bill for farm relief will be laid on the President's desk for his signature or veto.

The farmers seem to get encouragement from these measures—whether they get any help or not. It makes them feel better to think that something is being done for them. But as a matter of fact, most of these measures for farm relief would not do things for the farmers at all if they were enacted into law; they would do things to the farmers. The pity is that such a small part of the rural citizenry understand this fact.

ILLEGAL PRACTICES IN FIRST LAND-BANK DISTRICT

"If you really desire to improve the system," wrote a New Jersey secretary in the Springfield district to a Senator, "get some information from the associations and never mind politicians. Why not find out just why dividends to borrowers of this district were cut in half and the salaries of the bank officials increased \$1,000 to \$1,500 a year and a new expense of \$25,000 for a fiscal agent created at the same time? Are those two facts related?"

LAND BANK VIOLATES LAW

Why are the banks permitted to create a fund of "undivided profits" in violation to the law?

The land bank was never intended to be a profit-making institution, as the reading of the act will plainly show, and if they now have so much profit that they have to increase salaries and to create new ones, why not some power stop them by reducing the interest on loans? (Loans have no vote.)

HOW THE LAND BANK "SOAKS" THE FARMER

Any way you turn the case the farmer is a loser. First, he pays 1 per cent commission to secure a loan, and three-eighths of that has to go to the land bank and five-eighths to the association, and, as I understand the annual report, the bank received a little over \$5,000 more than they spent on that three-eighths, while the associations have to do their work for nothing, and even hold back dividends on shares held by borrowers to get running expenses.

[Extract from letter from Canadian banker]

POLITICIANS ARE ALL ALIKE AS BANKERS

We are having the same experiences here in Canada with political banking as you are in the United States. To illustrate, so far every Province in Canada that has entered into political farm finance has suffered enormous losses. This not because of any particular risks involved, since private institutions are making loans in the same territory and making money; they do not permit partisan politics or "pull" to enter into the making of loans. This is a contravention to the methods adopted by political appointees, who are obliged to do "favors" to their higher-ups and lower-downs in order to hold their jobs.

LIKE THE FEDERAL FARM-LOAN SYSTEM

This past year the Province of Manitoba farm-loan system, for instance, frankly acknowledges losses in operation and, furthermore, has added one-third of a million dollars to its real-estate account. This brings its real-estate holding up to 10 per cent of the total outstanding loans, a condition that would be tantamount to insolvency on the part of a private banking institution, but which is considered as only a "hardship" by the political bankers.

[Extract from a letter from a farmer borrower through Federal farm-loan system]

WHY SHOULD FARMERS BE FARMED?

Just why should our greatest basic industry continue to have a "wet nurse" named to handle its own private affairs? Just why should the Federal Farm Loan Board of the Treasury, working through their appointees in the 12 district Federal land banks, be permitted to manipulate as they please the enormous capitalization of the banks which the farmers have made possible by the payment of their hard-earned cash to establish? Why should politicians instead of financiers dominate? Why should inexperience and inefficiency, absolute dishonesty in many cases, rule banks which farmers have erected?

These are all questions which thousands of farmers are now asking themselves; they are questions which Congress must answer and answer in a patriotic instead of a political way and answer mighty soon. Otherwise Congress must needs expect to draw upon the Federal Treasury to repay to the half million borrowers through the 12 Federal land banks for the enormous losses resulting from the mismanagement of the political bankers the Harding and Coolidge administrations have run up, and which the Hoover administration will continue unless Herbert Hoover does something about making his promises more than thin vapor. If he stands against bureaucratic domination of private business as President as firmly as he stood against this un-American affair as a candidate, he will immediately set about turning these land banks over to the farmers who now own them. If, however, the Hoover administration carries out the same program as the two previous administrations, no move will be made to right the terrible injustice which the Republican Party has enforced upon American agriculture.

LARGEST INDUSTRY IS HANDLED LIKE AN INFANT

Why is it that the politicians in Washington continue to consider the American agricultural industry as an infant still struggling about in swaddling clothes? Only because they feel confident that here is one giant they can easily pluck and pillage, for no other industry of standing would tolerate for a moment, and neither the House nor Senate would consider, a proposition of asking the railroads, the banks, the manufacturers, or any other institution to capitalize an institution for the politicians to manipulate to the exclusion of the private owners. Yet this is precisely the trick these politicians played upon the half million farmers who now own the capital stock and assume all the liabilities of the 12 Federal land banks. The majority of the appointees who serve as directors are named and come under the supreme dictation of the political Farm Loan Board, and manifest only a very slight interest in the farmers who pay their salaries and stand the enormous expenses which this crookedness, inexperience, or lack of comprehension of the proper workings of a farm-loan bank involve. Thus, the Federal land-banking system, as presently constituted, stands without a parallel in human history, a gigantic enterprise owned by and operated for farmers, yet dominated by politicians, not one of whom have one penny involved in its capitalization, and not one of whom assume a cent's worth of liability.

FARMING OUR BIG BUSINESS

The real importance of the American farmer, and his industry, when compared with other industries, reveals that agriculture is by far our greatest industry. According to a survey recently made by Farm Journal, farm people now comprise 30 per cent of the country's population, and this 30 per cent owns 39.25 per cent of the total capital investment in the United States. How is it that men who are brilliant enough to have builded such a gigantic enterprise now require "wet nurse" farm-loan boards to run their business for them in common with the Indian, who has a guardian named to transact his business?

The capital invested in the country's various industries is listed as follows by the Farm Journal and classified and divided thus:

Value of farm property	\$80,000,000,000
All manufacturing industries	44,325,470,000
All railroads	21,450,900,000
Mines and oil wells	8,380,000,000
Electric-light industry	7,350,000,000
Iron and steel companies	3,500,000,000
Telephone plants	3,035,000,000
National banks (capital and surplus)	2,970,074,000
Automobile industry	1,888,000,000

STRIKING CONTRAST

Although the farmer owns \$80,000,000,000 of property, of which he has put up for security less than one-third, about one-twentieth of which is covered by Federal farm-loan mortgages, through the Federal land banks, Congress permits politicians to run his banks for him, while they have been most zealous in extending to the private banks every possible safeguard of their personal and private interests. However, these banks, all bunched up together, now own less than \$3,000,000,000 of property, or one-twentieth the amount represented by the farmer's holdings.

The railroads, representing an investment of only slightly more than one-third that of agriculture, are operated by their own men, selected by their constituted stock-owning members, and do not have a majority of their directors, inspectors, traveling joy riders, and other officials selected by a Federal farm-loan board. That is one reason why the railroads are a success and why farming is a failure so often.

The Senate has spent hundreds of hours, and several hundred thousand dollars have been expended needlessly in printing the long-winded speeches of Senators respecting the menace of private electric power "trusts." These all bunched up represent less than \$10,000,000,000 investment, while the farming industry is ten times as large. Why not spend some of that thought, energy, and brilliance in putting the farm-owned banks into the hands of the farmers who own them, instead of worrying about "trusts" that are now in the hands of those who own them? Why not start a campaign to bust some "political trusts," to give the gate to some politicians who are running the farmer's business; yes, and wrecking it, too.

Weeks have been spent considering tariff measures for the various manufacturers. These all bunched together own property valued at only two-thirds that of agriculture. Why not spend just one week in passing an act that will turn the farm-owned Federal land banks over to the farmers who own them? This would long since have been done had we been blessed with statesmen instead of politicians.

Mr. BLEASE. Mr. President, I place these things in the Record to show the Senate, if I can, that there is nothing personal in this fight of mine in regard to this farm-loan system or about the Columbia (S. C.) Bank.

When I came to the Senate I did not know a man connected with the Columbia Bank. If I did, I am not aware of it. I knew the ex-Congressman who was the head of the other bank. I could not have anything against these gentlemen, because I did not know them. We have one man who is president of a bank there who is not a South Carolinian. He is not going to get the sympathy and cooperation he should have, because my people are just like others; we resent people being sent from other States into my State to run our affairs. If that man is not pretty smart, we will send him to the Atlanta Penitentiary, or some other seaport just about like that. We are going to watch him, and if we can catch him, we are going to catch him. I hope he will not commit suicide, as the cashier did, and go to this other place down there.

I started this fight because of the complaints that were made from Beaufort and from other parts of my State. Then, when I started the fight on this farm-loan system in Columbia, letters like the ones I just put in the Record and others from all over the country began to come to me about the entire farm-loan system.

I introduced a resolution, which went to the Committee on Banking and Currency, and Mr. Eugene Meyer went before them. I had never seen him before, and I have not seen him since, and I hope I never will see him again, because God says we should love our fellow men, and if my salvation depends on my ever loving a thief like him there is no salvation for me. I have the proof right here in his own handwriting. This Meyer went before that Committee on Banking and Currency and told them that there was nothing wrong with the farm-land bank system in Columbia, S. C. He told them that there was nothing wrong with the Columbia, S. C., bank. I ask Senators how he could do that in view of the proof that I have put in the CONGRESSIONAL RECORD for the last six or eight months. How could he do that in view of the facts the Senator from Montana [Mr. WALSH] presented to the Senate yesterday? How could he do that in view of the matter I read a few minutes ago about the bank in Minnesota, where the ex-governor's brother was so mixed up with it?

I know that the Senate is a body of honest men. We may make mistakes; we may vote differently from the way we should vote; that Senators, Republicans and Democrats, are busy, most

of them here a good deal busier than I am because of their committee appointments, and they have other matters that they have to look after; but I do not believe there is a Senator in this body who sits on either side who, if he had the time to sit down and study what has been presented to the Banking and Currency Committee, would not say that this system is wrong, and that it should be corrected in some way.

The great Republican Party has four years ahead of it besides what it has had, and if you want me to be honest with you I think when that four years are up they are going to have some more terms, until the mothers who lost boys and the sweethearts who lost future husbands in the World War pass away and we have a new generation. The World War has been and is going to be the doom of the Democratic Party in this country. They promised the people to keep them out of war at the very time when they knew that there was a standing promise that if a certain man was reelected President of the United States he was going to take us into the war. You can not get over deceiving people like that. You can tell a lie to a woman you love and she will kiss you and forgive you—and God knows there is nothing on this earth like a woman's love—but you can not tell the people this thing here and show them, as a reward for it, dead bodies, fresh-made graves, and debts, and get them to keep that kind of a party in power. The party must have new leaders, new ideals, and honest methods if they wish to succeed. Surely, after so many defeats those who think that they are leaders should retire and let others come forward, and four years from now they will not win unless there are some great changes in the feelings of the people of the country.

In a speech in my State I said—and I repeat it to-day—that if we went into that war it would be so long before the Democratic Party got back into power that they would think that most of the people and God Almighty Himself had deserted them. Therefore, I say that Senators on the other side of the aisle have a responsibility on their shoulders which does not pass when they pass. When they leave this body that responsibility will not have ended. Even though their bodies be carried to the last resting place, their responsibility is not gone.

There was read here yesterday a beautiful eulogy on the life of a once President of these United States. If he could know, and possibly he does—I do not say that he does not—if he could have heard that eulogy, it would have made him as happy as he was in the heyday of his life and glory on this earth. Will such a eulogy be written of Senators of this day? What must we say to him who sees his little children going to bed at night hungry, getting up in the morning half clothed, barefooted, going out into the cold; to him who when the spring of the year comes goes with that happy heart of his, whistling and singing, back to the field that has brought him nothing the year before, following the same mule, ploughing in the same furrow, sowing the same kind of seed, trusting to God to make him happier and more prosperous in the fall to come? Senators can not pass by that responsibility lightly. It will come back to them some day. It will come home to the great Republican Party some day.

I appeal to those of the Republican Party now in charge of the Government of this country and to be in charge of it for the next four years to relieve the situation. Let somebody inquire into the banking situation and ascertain what is the trouble. Let them inquire why thousands upon thousands of acres of land are being sold on the block. Let them ascertain why this man and his wife and little children are driven from the old homestead out into the big road and out into the street. Let them see why men and women in this country this very night will go to bed hungry, while some of them will give some relief to the hungry family by giving them sweet potatoes and drinking water, the only thing they have in their homes.

Some Senators may say that is not a true statement of the situation. Let them come home to South Carolina with me to-night. I will take them into the storm-stricken area of South Carolina and I will prove it to them. You can remedy it, Senators. This great Congress of this wonderful United States can remedy it. I appeal to you to-night not in bitterness. If I had my way I would strike the word "hate" from our language and abolish it altogether. If we should abolish hate from this life, we would almost have a heaven on earth—hate, envy, jealousy. We need not be jealous. You have all of this world's goods. You have the highest position that you can hold. I am not so sure but what the position of United States Senator is a more responsible place than that of the President. He only executes the law that you make. Your responsibility is the making of the law. His responsibility is in its execution. I appeal to you not from the standpoint of a Democrat, although I am one; not because of any religious prejudice, because I have none, thank God; but I appeal to you as an American, as a Senator of these United States, to look into the banking situation and see what is wrong and quit allowing your bankers to

sell the farms and turn the poor fellows out, but give them a chance and give their children a chance.

The farmer is made like us in the image of his God. He has a soul. He has the same love for his wife and little children that you have for yours. He must answer as you must answer in the great beyond. Some day you like he, while he may be in a pine box and you may be in the finest casket, must sleep the same sleep and face the same God.

And then may—with you and him—all be well.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 16301) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1930, and for other purposes.

The message also announced that the House had disagreed to the amendment of the Senate to the bill (H. R. 13825) to authorize appropriations for construction at military posts, and for other purposes, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. MORIN, Mr. JAMES, and Mr. McSWAIN were appointed managers on the part of the House at the conference.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 3771) vacating the alley between lots 16 and 17, square 1083, District of Columbia, and it was signed by the Vice President.

THE FLAG AND PATRIOTISM

Mr. BROUSSARD. Mr. President, I ask unanimous consent to have printed in the RECORD a speech delivered by Col. R. B. Putnam, of the Marine Corps, at Richmond, Va., on November 11, 1928, which is a tribute to the United States flag and deals with teachings designed to develop loyalty to the flag, patriotism, and devotion to duty.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

WE THE PEOPLE OF THE UNITED STATES

It is a long, long call from the middle of the fifteenth century to the present day, and it seems difficult to believe that such a thing as the trading in silks and spices of that remote past should have any relation to, or bearing upon, the signing of the armistice in the Forest of Compiègne, in France. This armistice became effective on the eleventh hour of the eleventh day of the eleventh month of the year 1918, and was the event which brought to an end that horrible cataclysm of death and destruction commonly known as the World War. It was a day of rejoicing throughout the civilized world, a day which marked the beginning of a new peace, and in celebration of which to-day, 10 years later, "we, the people of the United States," are gathering together in our various meeting places throughout the land.

But if we make even a hasty glance over the history of the past we find that silks and spices were the luxuries of the fifteenth century. The necessities were few—a bit of bread and meat, a good charger, a good suit of armor, a piece of cold steel, and a strong right arm to wield it; firearms were just coming into existence.

Note also that trading in those luxuries, silks and spices, was a source of wealth in those days even as trading in luxuries is a source of wealth to-day. The silks and spices of the fifteenth century came from the East Indies. The journey was long, hard, and tedious, one fraught with many dangers. It is not surprising, then, that men sought a shorter and more direct route to the source of their wealth.

In one way the sea gave a promise, but so many ships had sailed out of port and down beyond the horizon, never to be heard from again, that it was believed that they had sailed on until they had simply dropped off the rim of the earth in the great beyond. People of that day and age believed that the world was flat.

You will recall that in the latter part of the fifteenth century a Genoese sailor, one Christopher Columbus, advanced the astounding, and for the times, the most ridiculous theory that the world was round, and that since this was so, he could reach the East Indies by sailing due west. Laughed at and hooted at as a crazy fanatic, he plead his cause before many people of wealth and in many courts, only to meet with disappointment after disappointment. However, there could be no doubt as to his sincerity of purpose or of the earnestness of his own belief in his theory, his arguments in support of which were logical and, to many, convincing.

At last, when he had given up all hope, Queen Isabella, of Spain, espoused his cause, and since the public treasury would not support such a crazy scheme, we are told that she pledged her crown jewels to secure funds with which to fit out an expedition to be conducted by Columbus. In this his hour of deepest trial and disappointment, it was a woman who came to his aid and gave him hope and strength to carry on. So

it ever has been, is to-day, and ever will be. Man in his hour of darkest doubt and deepest despondency will find through the faith of some good woman the strength to "carry on."

Be that as it may, the crown jewels were pledged, and in the year 1492, Columbus, with three pitifully small ships, set sail due west across the broad and trackless seas in search of "the east." And what a voyage it was—what fortitude and courage were required to win success. Added to the known terrors of the deep there were all of the terrors of the unknown; also the superstitious belief of ignorant men, which led them to mutiny and all but caused the cruise to end in disaster. Probably no adventure in all the history of mankind was ever undertaken against such tremendous odds by men so poorly equipped for what they had to face. Certainly no single event was ever fraught with so much meaning to the whole of the wide, wide world and the future of the human race as this, the first voyage of Columbus.

In due time, after overcoming untold obstacles, land was sighted, but it was not the East Indies of silks and spices. It proved to be a new world of inconceivable extent, and apparently of hitherto undreamed-of wealth.

Following the reports of the results of the first voyage of Columbus there came a long period of discovery and exploration, and following this a still longer period of appropriation and colonization. Here, along the mid-Atlantic shores, England gained a foothold, and from the founding of Jamestown, Virginia rapidly grew into a lusty colony. To the south were the Carolinas, Georgia, and farther south the Spaniards in Florida. To the north, in New York, the Dutch. North of them were the English again, in the bay colonies—Massachusetts, Rhode Island, Connecticut, etc. Still to the north of them were the French, in Canada. Away to the Southwest, beyond the Spanish in Florida, and along the broad reaches of the Mississippi, were again the French.

The story of the growth of the Colonies is well known to all. Some men came seeking wealth, some were driven from their home country for one cause or another, some because they had been oppressed and held down almost to penal servitude, due to the fact that they did not happen to be in favor with the powers in control. Others came seeking freedom in religion; the right to worship the God that made them, according to the dictates of their own consciences. The desire for liberty of speech, of thought, and even of their very souls, drove men and women to break all the ties that bound them to their homes, to face the terrors and hardships of a life in the wilderness, beset by savages and wild beasts. But within their hearts and very souls there burned the love of liberty, of righteousness, and of peace, which eventually was to weld them into a mighty nation.

The story of the growth of the Colonies, of how the English Colonies through wars and conquest, eventually gained the supremacy in this New World is a familiar one. We all know how in time the mother country gradually became jealous of the growth of the Colonies, and through greed and avarice sought to enrich herself at their expense by levying heavy taxes, making this demand and that demand, at the same time denying the Colonies any voice in their government.

The Colonies were patient and long-suffering, and the greater their patience and fortitude the greater became the burdens which were laid upon them. "Taxation without representation" became the rule of the day and not the exception. The courts, dominated by the home government, afforded no relief and no protection until at length rebellion came—rebellion against the unjust and avaricious acts of an apparently heartless mother country. At first there was no thought of breaking off all the ties of parenthood and of seeking independence. The Colonies took up arms with the hope and expectation of causing the mother country to give them the rights which had been denied. But the war which followed was a long and tedious one. The Colonies were banded together in a loose confederation to fight as one in a common cause and for the common good. It became increasingly evident that complete independence was the only means through which they could obtain to the fullest measure the sacred rights for which they fought, and at length came the Declaration of Independence.

Now, let us digress a little to consider here an event which had a material bearing not only upon the success of the struggling Colonies but upon the future of the whole world. It was the adoption of a flag for the thirteen united States.

George Washington and other leaders in the early days of the War of the Revolution had noted the necessity for adopting a flag which would be the same for all of the troops of the Continental Army. It was noted that each contingent of troops brought its own flag. There was the pine-tree flag of the Carolinas, the peace-tree flag from Massachusetts, the rattlesnake flags, the stripes of the Philadelphia Light Horse, the Grand Union flag, the Eutaw flag of Colonel Washington, and many others. If men were to fight and win, it was necessary that they should fight as one, under a flag which typified their common interest and their unity of purpose. The presence of so many different flags could only tend toward petty sectional jealousies and discord. Resultantly, early in 1777 General Washington suggested to the Continental Congress the necessity of adopting a flag to be used by all of the

Continental Armies. The matter was taken up and discussed, and finally on June 14, 1777, the Congress adopted a resolution reading:

"Resolved, That the flag of the thirteen United States shall be 13 stripes, alternate red and white; that the union be 13 stars in a blue field, representing a new constellation."

Now, where did the design of this flag come from? We are told that the first flag was made by Mistress Betsy Ross, of Philadelphia, and in the telling we are led to believe that the design was hers; but note that while she almost undoubtedly was the maker of the first official flag, yet the design of it was prescribed by the Congress sometime before it was made by her; and so the design was not hers. Some have thought that the design of the Stars and Stripes came from the shield of Washington; but although General Washington kept most careful and detailed notes of all his acts, official and otherwise, as leader of the Continental Armies, they nowhere contain any reference to a suggestion for the design of a flag. From what we know of the life and character of the man, it is certain that the use of any design so closely related to the emblem of any individual, more particularly himself, would have been abhorrent to his very nature as well as to the spirit of the times.

Some have suggested that the stripes at least may have been taken from the striped banner used by the Philadelphia Troop of Light Horse under which Washington was escorted out to assume command of the Continental Armies. Others suggest that the design was easily arrived at by substituting stars in the union of the grand union flag in place of the crosses of St. George and St. Andrew. If we turn to the records of the Continental Congress, all we find is that pursuant to the recommendation of the leaders in the field, a committee of three was appointed to consider a design, and that finally the resolution of June 14, 1777, was adopted. It is peculiarly significant that there are no records of the work of the committee which contain any reference to the design of the flag or from whence it came. It is even more significant that no single word as to the origin of the design can be found in any of the writings or memoirs of the historians and public men of that day. It seems we are forced to the conclusion that there was some good reason why the origin of that design should be so shrouded in mystery—and there is.

When the Great Weaver of our destinies looked down upon this world and saw the thirteen Colonies struggling against such powerful odds there can be no doubt that His great heart of hearts was filled with pity and compassion. Then when He considered the cause of the struggle—saw that it was for the sake of human liberty, and knowing the purity of the motives which lay back of it, He, in His omnipotence, realized the great need for unity of thought and purpose on their part. He then and there determined that they should have an emblem which would typify all those things so absolutely necessary to the success of their cause. And so He gathered together from among the cohorts of the dead the heart threads of all those who from the beginning of time had sacrificed their lives for the sake of human liberty. There were those which were dripping red with the blood of the patriots who had died at Concord, at Lexington, and at Bunker Hill; those which had been bleached to a celestial white by the mists of time which had passed over them; and from the blue sky of heaven came the blue threads for the Union in which, also taken from the blue vault of heaven, were to be set the white stars of faith and hope. He fed them into the loom of destiny; the wheels of time turned on, the shuttles of fate flew back and forth, and the warp and the woof ran true to the design in this Master Weaver's mind until the whole was finished; and then—

"When freedom from her mountain height
Unfurled her banner to the air
She tore the azure robe of night
And set the stars of glory there;
And, mingled with its glorious dyes,
The milky baldrick of the skies.
Then from His mansion in the sky
She called her eagle bearer down
And gave into His mighty hand
The symbol of her chosen land"—

the most glorious emblem that ever floated on the breeze or rippled in the sun—the Star-Spangled Banner—the direct gift of God Almighty to the cause of human liberty, and it was given to us, "We, the people of the United States"; truly it was not meet that any human agency should be credited with the design of a thing so glorious and so sacred.

We now teach our children that the 13 stripes stand for the thirteen original Colonies, one for each of them—that there is a star for each of the present States; and that these stars in a blue field stand for our Union. It not only stands for that, but, oh, for so much more than that. It is the very heart and soul of the Nation.

Let us also teach our children and our children's children that those red stripes, dripping red with the blood of patriots which flowed at Concord, Lexington, and in rivers down the slopes of Bunker Hill, stand for courage, for zeal, and for devotion, even unto death. Those white stripes stand for the purity of the motives, for the truth, and

the honor for which our forefathers died. That blue field, made from the blue sky of heaven, stands for liberty and freedom, justice and truth, and in it there stands the white stars of faith and hope; faith in the living God who made us, faith in the eternal life of our souls and in the eternal destiny of our Nation; and the stars of hope, the "hope that springs eternal in the human breast" and leads us ever onward unto higher and to better things.

My friends, that flag is a living, breathing thing, vibrant with the eternal life of the living souls of our honored dead, and it belongs to us, "We, the people of the United States." It is ours to love and to cherish, ours to live for, ours to fight for, and if need be, ours to die for.

It is a solemn thought and there can be no sacrilege in standing here, in this house of God, to-night and with bowed heads and humble hearts to say that there is a place on the right hand of God Almighty for every man, woman, and child who has given, or will give up, his, her, or its life in defense of that flag and the cause of human liberty for which it stands.

Under that flag our forefathers carried on the war for human liberty. France came to their aid and with the help of Lafayette and Rochambeau on land, and the fleets of the Comtes de Grasse and D'Estaing at sea, the army of Cornwallis was finally bottled up at Yorktown, where the final surrender of that army brought to a close our war for human liberty. We should never forget, nor underestimate, the value of the help which we received from France, and more particularly our debt of gratitude to the Marquis de Lafayette.

After the close of the war the Colonies, but loosely held together for the period of the war by the Articles of Confederation, struggled along; discord sprang up here and there; sectional needs gave rise to distrust and petty sectional jealousies until it seemed that all the principles for which the patriots had fought were to be cast aside and lost forever in internal strife and dissension. But common sense prevailed, and finally a constitutional convention was called to consider ways and means to unify the Colonies and provide for a common government. The result was the adoption of the Constitution of the United States of America, the most marvelous document ever drafted in the cause of humanity, and the purposes for which it stands are most admirably and forcibly stated in its preamble, to which your especial attention is invited. It was this instrument which first brought us into official existence as "We, the people of the United States," and it was done in the following terms:

"We, the people of the United States, in order to form a more perfect union, establish justice, insure domestic tranquility, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America."

Note especially the purpose for which "We, the people of the United States," adopted a constitutional form of government. They are the basic, the underlying purposes of all government, and have never been more clearly, concisely, nor more forcibly stated in any document of any description.

"To form a more perfect union," for in union there is strength.

"To establish justice," for justice is the basis upon which must ever rest all of man's relations to man. "To establish justice," so that each man might deal with his fellow man upon a basis of equality and freedom, with equal rights to all and special privileges to none.

"To insure domestic tranquility," that peace and harmony might exist at home, without which no nation or people could thrive and prosper.

"To provide for the common defense." That does not mean "militarism" in any sense whatever. It does mean, however, such adequate preparation against possible attacks from abroad as will guarantee "We, the people of the United States," the opportunity to live at peace with the whole outside world, as well as that domestic tranquility so necessary to the life of the Nation. It does not mean militarism in the so-called imperialistic sense of the word—for "We, the people of the United States"—that is, the citizens of the United States—are first, last, and all the time, the soldiers of the United States, the defenders of our country's flag, and all the sacred principles for which it stands—and, mark the words, the best citizen makes the best soldier, for in this land of liberty there stands no place for the mercenary soldier, the paid hireling who would sell his birthright for a mess of pottage. Citizens all, soldiers all, and adequate defense simply means such reasonable preparation as will give our children and our children's children that guaranty of life, liberty, and the pursuit of happiness which is the inalienable right of all mankind.

"To promote the general welfare"—that is, to provide for such institutions of science and learning, of government, and welfare, as will guarantee that steady progress to higher and better things toward which we are led ever onward by the white stars of "hope" which blaze forth in our country's flag.

And finally, "To secure the blessings of liberty to ourselves and our posterity." Certainly there could be no nobler purpose at the root of any government. Liberty, that high altar of human desire upon which untold millions from the beginning of time have poured out their life-

blood without stint. Liberty, the sacred cause for which the green-sward at Concord and Lexington, and later the slopes of Bunker Hill, ran red with patriotic blood, and for the defense of which it is our solemn duty before God and man to keep ourselves adequately prepared.

And now let us see if we have kept the faith.

Under our Constitution, which when first promulgated, was laughed to scorn by the nations of the Old World, "We, the people of the United States" have thrived and prospered, until to-day we hold a place in the galaxy of nations which is second to none. We have had our trials, and they were not light ones. We have also had our days of weakness, days when it seemed that the cause of human liberty was to go down in ignominious defeat. Yet that flag has never been unfurled in any but a righteous cause, never in a war of aggression, but always, always in the cause of human liberty.

From the history of our past we read with shame and aching hearts of the day when as a Nation we bargained with crime and paid tribute to Tripolitan pirates, the robbers of the high seas, in order to secure the right to carry on peaceful trade with the nations bordering on the Mediterranean. And why, we ask ourselves, was such a blot ever put upon the Stars and Stripes? The answer is plain, convincing, and undeniable. It was because we were wholly unprepared to defend our rights and our flag upon the high seas. It is no excuse; it is only a disgraceful and weak-kneed plea in extenuation to say that England, that mighty sea power, France, and other nations did the same. The plain cold truth is that we were forced to bargain with crime, and we placed that blot upon our God-given emblem, "the Stars and Stripes," because we had failed to obey that mandate of our Constitution which bids us "provide for the common defense." Because of this failure we paid some \$1,600,000, in tribute to crime. We, a free and independent nation, paid tribute, not to a more powerful nation under stress of arms, but as blood money to a bunch of barbarian pirates. Oh, the pity of it, the eternal shame of it! And, in the end we had to fit our ships and fight for our rights just the same.

Then from 1797 to 1800 was our war with our former ally, France, caused by the persistent plundering of our merchant ships by French cruisers and privateers. This war would not have occurred had "We, the people of the United States" not failed "to provide for the common defense." But for the fact that at the time France was engaged in the Napoleonic wars, it would have been a disastrous war for us. The underlying cause of the action taken by the French was our refusal to become their ally in those wars, and we have been blamed as an ungrateful nation because we refused to do so; but it was not the people of France whom we refused to help on that occasion. It was the cause which we refused to aid because it did not appear to be a just one.

Following the war with France, England began to make certain demands upon us and to claim certain privileges over us. Despite all of our protestations against the injustice of such claims, she continued to enforce them, because she knew that we were not prepared to defend our rights. She knew that again "We, the people of the United States," had failed to "provide for the common defense," and she proposed to take the fullest advantage of our weakness, until in the end we were forced into the War of 1812. During this war, because we were unprepared, we suffered ignominious defeat, and we saw our National Capital, the city of Washington, sacked. It was not until then, and after the success of some of our naval vessels in single combat against the English, that "We, the people of the United States," rose up in our might and drove the conquering invader from our shores. But, oh, the needless price we paid!

A few years later England again put forth certain unjust demands, which we firmly met, and a third war with England was avoided because at that time "We, the people of the United States," had adequate provision for the "common defense." The cost of war in blood and money was avoided on this occasion because we were prepared.

Next we come to the war with Mexico, a war ostensibly for the relief of Texas, but with the certain indefinite purpose of acquisition of territory in the background. We won the war, of course, and then, to save our conscience, paid Mexico \$15,000,000 for the territory ceded to us in the treaty of peace.

There followed a period of peace during which the Nation prospered, but during which the seeds of internal discord, planted in the early days, sprouted, grew, and also thrived, until the year 1861 saw the beginning of our War between the States, the Civil War. This was one of the most bitterly fought wars ever recorded in history, a war in which father fought against son and brother against brother, and all in the cause of human liberty, for this war meant the very life or death of the Nation, and the Nation prevailed. We of the South accepted the issue, as all men who are good and true should, and set about healing our wounds and curing our sores. Oh, it was a bitter war, a cruel war. Yet no country need hang its head in shame which in times of stress produces such men as Abraham Lincoln, Grant, Sherman, Sheridan, Robert E. Lee, "Stonewall" Jackson, Jeb Stewart, Longstreet, Pickett, and Beauregard.

To-day if you ask what was the real cause of this war the answer is that God Almighty had a mission mapped out for this Nation, and it

was necessary that the working tools be tried, tried to the breaking point, and proven, and this cruel war was the "fiery crucible" through which we had to pass, from which this country, with its vast stretches of territory, its great diversity of interests, was to emerge a united Nation, a mighty Nation, one and indivisible, a proven Nation, fit to carry out the sacred mission laid out for us by the God of all nations.

There followed a period of peace, during which we were able to settle differences which came up between us and certain foreign nations because there was fresh in the minds of the people of those nations the realization that mighty forces could be called to arms in this country on a moment's notice, and not one of them relished the idea of facing men who had fought so gloriously and so valorously under the leadership of Lee and Grant.

Because we were prepared for the common defense during this period our rights were respected throughout the world and there was no need to resort to arms to maintain them.

But as time went on we became careless of this imperative need to provide for the common defense. There were those who, forgetting the past, said that the seas protected our country from invasion, and "We, the people of the United States," heard and believed. We made not even a gesture to provide for the defense of our flag upon those very seas and made but a pitiful pretense at a fleet. We were miserably helpless to hold back the convoys of any major nation which might seek to destroy us, and so it came about that in time our protestations to the Spanish Government about conditions in "bleeding Cuba" were laughed at. Finally we received our answer when the battleship *Maine*, then on a friendly mission, was blown up in Habana Harbor. It was then that our President asked the Congress for authority to call for 200,000 volunteers, and it was then that "We, the people of the United States," raised our voices in solemn warning and said, "Cuba shall be free." And our Spanish war was on.

All honor to the heroes of Guantanamo Bay, of Santiago Hill, and of the sea battles of Santiago de Cuba and Manila Bay. They, too, fought gloriously for the cause of human liberty, and to-day they, too, have their places within the folds of the Star-Spangled Banner. This war was of short duration but costly in men and money. And oh, the needless sacrifices; made chiefly because we had failed "to provide for the common defense."

However, the life of the Nation was revived, the wide world had seen that we were truly "one and indivisible," and so there followed another long period of peace and prosperity. Then came the time when the Imperial German Government sought to impose its will upon all the peoples of Europe, and the great World War began. We were not a party to it. We sought by every honorable means to keep out of it. But again we were unprepared, and so there came the time when, despite all our protests, our ships were sunk without warning, our women and children sent to the bottommost depths of the sea, and there they rest to-day. The greater our patience, the greater became the trials we were called upon to bear, until finally our President asked the Congress to declare "that a state of war exists between the Imperial German Government and the United States of America." Then, on April 6, 1917, "We, the people of the United States," again raised up our voices and gave him his answer: "We are with you, Woodrow Wilson, 100,000,000 strong."

Wholly unprepared for war—a pitiful Army, National Guard, and reserve of only 200,000 men, where millions were required; a Navy hopelessly inadequate to the task it had before it, and almost no shipping with which to help it out; armies to be raised, equipped, trained, and transported across the seas in the face of the untold dangers and horrors of a submarine warfare, and supplies for those armies. There were not even sufficient arms in our country with which to arm them. It was necessary to build docks in France from which they could disembark. Then hundreds of miles of railway—oh, it was a stupendous task, almost inconceivably so, but not a man faltered.

The souls of our honored dead had called to us from the folds of that flag to take up the torch in the name of human liberty, and "We, the people of the United States" answered that call. Truly, there was no one to falter.

Men were called to arms, ships were built, railways were built, arms and ammunition were procured in part from our allies, and in an incredibly short time the advance elements of the "American Expeditionary Force" had arrived in France, and there came a day when its leaders stood with bowed heads before the tomb of Lafayette. Then "We, the people of the United States" spoke through one of them again, spoke to the heart and soul of France, and to the cause of human liberty. The words were few and simple: "Lafayette, we are here." Few and simple, yes; but oh, so full of meaning. They came direct from the heart and soul of "We, the people of the United States," and they sunk deep down into the very heart and soul of war-torn France, and the people of France heard and understood.

But we were wholly unprepared, only partly trained, and inadequately equipped; and the German high command made no secret of their contempt for the hated Americans, the citizen soldiers from the land across the seas. There came the time when the question was on every lip: "What will the Americans do?" The answer was forth-

coming at Chateau-Thierry, at Belleau Wood, at Blanc Mont, and in the forest of the Argonne.

There came the day when "We, the people of the United States," untried citizen soldiers, took our places in the battle lines. We were only expected to hold until a stronger position could be prepared in the rear, but in one place a part of our line was forced to retire. The French suggested that we take up a position in rear of the new line; and then it was that "We, the people of the United States" spoke out again through our leader: "Our flag has been forced to retire; it is inconceivable that such a thing should be. This day the American line will advance."

On that day, May 31, 1918, the picked and tried troops of the Imperial German high command felt the force of the citizen soldiers from beyond the seas, felt it and wavered. And that day "the American line did advance." Not only did they recover all lost ground but they drove the Germans back several kilometers beyond their own original positions. All the world saw; all the world wondered. But all the world knew that thenceforward the world was to be "safe for democracy."

That night many men slept "Where poppies grow, between the crosses, row on row," and to-day they, too, have their places within the folds of the Star-Spangled Banner, and are enshrined in the hearts of "We, the people of the United States."

There was another occasion on which the order of the day was that the American line was to hold for a short while and then fall back to a prepared position. In due time a French staff officer conveyed the order to retreat to one of our regimental commanders, and then again "We, the people of the United States" spoke through that commander: "—, let the — Germans retreat; we have just come," and again that day the German high command learned that the citizen soldiers are men of iron. The living souls of the heroes of that day also took up their place within the folds of the flag. There they stand to-day, along with those who fell before Blanc Mont, in the forest of the Argonne, and up and down the line, wherever the cause of freedom demanded most.

The end was not long in coming, as was at first expected, and only a little over a year after our declaration of war the German high command, having tasted defeat at the hands of a despised foe—the citizen soldiers from across the sea—read the signs and offered terms of peace, later plead for peace, and finally in the forest of Compiègne, signed the armistice, the event which "We, the people of the United States" have gathered here to-night and in the meeting places throughout the length and breadth of this land to celebrate and give thanks for.

As we are gathered here to-night it seems that we are not alone, for there are voices calling to us. Oh, surely you can hear them! From Concord, Lexington, and Bunker Hill; from Chapultepec; from Gettysburg, Antietam, and the Wilderness; from Arlington on the Potomac; from the slopes of Santiago de Cuba, and from the far-off Philippines; from Chateau-Thierry and Belleau Wood; and from the forest of the Argonne; from the bottommost depths of the seven seas, and from the folds of our beloved flag, the direct gift of God Almighty to the cause of human liberty, the eternal souls of our honored dead are calling to us. They bid us keep faith to the end "that government of the people, for the people, and by the people shall not perish from the earth." It is well that we should heed their call; and so let us here and now rededicate ourselves, our children, and our children's children to the cause of human liberty, to the defense of that flag and all that it stands for, if need be, even unto death. Then

"Its fame on brightest pages,
Penned by poets and by sages,
Shall go sounding down the ages
Until time shall be no more."

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ABRAHAM LINCOLN—ADDRESS BY SENATOR SHORTRIDGE

Mr. GOFF. Mr. President, I ask unanimous consent to have printed in the RECORD a very wonderful address delivered by the junior Senator from California [Mr. SHORTRIDGE] at the Lincoln Memorial in this city yesterday, February 12, 1929, on the anniversary of the birth of Abraham Lincoln. It is eloquent, appealing, concise, and strikingly persuasive. It tells a wonderful story and delivers an impressive message. It is democracy's epitome of one of the greatest characters in human history. It deserves a place in the records of this body, and I deem it an opportunity and an honor to urge that it be so received and permanently incorporated.

The PRESIDING OFFICER (Mr. FESS in the chair). Without objection, leave is granted.

The address of Mr. SHORTRIDGE is as follows:

ABRAHAM LINCOLN

My countrymen, the Republic "conceived in liberty and dedicated to the proposition that all men are created equal," in the throes of dis-

solution; the Union of Washington and Jackson, framed by the wisdom and sanctified by the blood of brothers, about to be rent asunder; the "government of the people, by the people, and for the people," in mortal danger of perishing from the earth—in that dark hour of estrangement, doubt, and fear the great captain of our country's salvation came.

He came, and thenceforth all was clear. Simple in speech, plain in manner, straightforward in action; tender as a child, fearless as a hero, humble and lowly, he came to speak and to act. Born of southern parents and reared in the broad prairies of the West, whose very winds sang liberty, he realized the curse of bondage and the blessing of freedom. From the unfelled forest, from the log cabin and the country store, from humble forum and obscure dwelling, from out the ranks of the people the great captain came. He came, and statesmen paused and wondered; he spoke, and a Nation hearkened to his counsel.

Devoted to truth and the right, opposed to falsehood and the wrong; scorning the tricks and subtleties of the self-seeking and abhorring the mean and base; loving his country with a devotion that made him forgetful of all save the preservation of the Union, the incomparable leader rose. In judicial tribunal and hall of state, in capital and village, in stately mansion and log hut bewildered men listened to his words and saw, as they had never seen before, the darkness, the light, and the path; the wrong, the right, and the remedy.

Who was this man that came unheralded out of the West? Who was this man that rose above great statesmen of his day—who was as earnest as Phillips, as gifted as Baker, more profound than Seward, more wise than Chase, more logical than Douglas, more eloquent than Everett?

Who was this man that combined in one soul the simplicity of a child, the wisdom of a sage, and the foresight of a prophet?

Wherever among men there is a love for disinterested patriotism and sublime attachment to duty; wherever liberty is worshiped and loyalty exalted, his name, his life, his deeds are known. To-day his image is in all hearts, his name is on all lips. That humble, loving, forgiving, sublime man was the rail-splitter of Illinois—sainted and immortal Abraham Lincoln—Abraham Lincoln, child of poverty, champion of freedom, savior of the Union.

Rejoice and give thanks to God. The dark hour of brotherly estrangement is gone forever. The Constitution of Washington and Jackson remains. The Union, strong and great, endures. The "government of the people, by the people, and for the people" did not perish. The sons of America march all one way.

And for all these blessings we stand here to-day in this sacred place, beneath the one and only banner of the loyal heart, to pay the tribute of our veneration and gratitude and love to Abraham Lincoln.

CONSTRUCTION AT MILITARY POSTS

The PRESIDING OFFICER (Mr. FESS in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendment of the Senate to the bill (H. R. 13825) to authorize appropriations for construction at military posts, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. REED of Pennsylvania. I move that the Senate insist upon its amendment, that it agree to the request of the House for a conference, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. REED of Pennsylvania, Mr. GREENE, and Mr. FLETCHER conferees on the part of the Senate.

RELIEF OF FARMERS IN SOUTHEASTERN UNITED STATES

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the joint resolution (S. J. Res. 182) for the relief of farmers in the storm and flood stricken areas of southeastern United States, which were, on page 1, line 6, to strike out "the southeastern United States" and insert "Virginia, North Carolina, South Carolina, Georgia, Florida, and Alabama"; on page 1, line 8, after the word "cotton," to insert "tobacco"; on page 2, to strike out all after "therefor," in line 7 down to and including "\$3,000" in line 9 and insert: "In the case of land planted or to be planted in cotton or tobacco, no loan or advance for or sale of seed and fertilizer shall exceed \$8 per acre, and in the case of land planted or to be planted in other crops, no loan or advance for or sale of seed and fertilizer shall exceed \$3 per acre. No loan, advance, or sale under this resolution shall, in any event, exceed \$2,000 to any one person"; on page 2, lines 9 and 10, strike out "advances or loans" and insert "advances, loans, and sales"; on page 2, line 15, strike out "\$15,000,000" and insert "\$6,000,000"; and to amend the title so as to read: "Joint resolution for the relief of farmers in the storm and flood stricken areas of Virginia, North Carolina, South Carolina, Georgia, Florida, and Alabama."

Mr. SMITH. I move that the Senate concur in the amendments of the House.

The motion was agreed to.

REGULATION OF THE HEALING ART IN THE DISTRICT

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 3936) to regulate the practice of the healing art to protect the public health in the District of Columbia, which were, on page 3, line 24, to strike out "section 42" and insert "sections 42 or 43"; on page 7, line 6, to strike out the word "and"; on page 7, line 6, after the word "chiropractic," to insert "; and (d) a board of examiners in naturopathy"; on page 7, line 7, to strike out "(d)" and insert "(e)"; on page 7, line 8, to strike out "(e)" and insert "(f)"; and on page 38, line 12, after "dom," to insert "or by the cllystertory treatments."

Mr. COPELAND. I move that the Senate decline to agree to the amendments of the House, ask for a conference, and that the Chair appoint the managers at the conference on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. CAPPER, Mr. VANDENBERG, and Mr. COPELAND conferees on the part of the Senate.

PROPOSED TRANSFER OF BATH (N. Y.) SOLDIERS' HOME

Mr. COPELAND presented resolutions adopted by William Vosburg Post, No. 99, Grand Army of the Republic, and the William Vosburg Women's Relief Corps, No. 97, of Newark, N. Y., which were ordered to be printed in the RECORD, as follows:

THE AMERICAN LEGION,
WAYNE COUNTY COMMITTEE,
Newark, N. Y., February 5, 1929.

Whereas an act to transfer the New York State Soldiers' Home at Bath, N. Y., to the Federal Government has already been passed by both houses of the New York State Legislature; and

Whereas under the present law indigent veterans of all wars are admitted to the Bath Soldiers' Home for domiciliary care without expense to themselves; and

Whereas if the Bath Soldiers' Home is transferred to the Federal Government it will be managed and supervised by the United States Veterans' Bureau as a hospital, and under the present legislation the Veterans' Bureau can not give domiciliary care to the indigent veterans; and

Whereas the Bath Soldiers' Home is an institution originally instituted by the Grand Army of the Republic of New York State and subsequently has been maintained and supported by the taxpayers of New York State; and

Whereas if the Bath Soldiers' Home is transferred to the Federal Government there will be no home for the indigent New York State veterans, of whom there will be an increasing number for the next three decades: Now be it

Resolved, That the William Vosburg Post, No. 99, Grand Army of the Republic, and the William Vosburg Women's Relief Corps, No. 97, of the village of Newark, N. Y., in joint session go on record as being opposed to the transfer of the Bath Soldiers' Home to the Federal Government; and be it further

Resolved, That a copy of this resolution be forwarded to the Representative in Congress from this district and to both United States Senators from New York State, and to the State assemblyman and State senator from this district.

ESTHER R. DUNCAN, *President*.
LOUEVA FREMOW, *Secretary*.

MEMORIAL CHAPEL AND GYMNASIUM AT PLATTSBURG BARRACKS, N. Y.

Mr. COPELAND submitted an amendment intended to be proposed by him to the second deficiency appropriation bill for the fiscal year ending June 30, 1929, which was referred to the Committee on Military Affairs and ordered to be printed, as follows:

At the proper place in the bill, insert:

"Memorial chapel and gymnasium at Plattsburg Barracks, N. Y.: For the construction and equipment of a memorial chapel at Plattsburg Barracks, N. Y., \$150,000, to be available until expended; and for the construction and equipment of a gymnasium at said barracks, \$50,000, to be available until expended."

Mr. COPELAND. Mr. President, I should like to have printed in the RECORD, and referred with the amendment to the Committee on Military Affairs for consideration a letter and inclosures from the Churchwomen's League for Patriotic Service, national president, Mrs. William Codman Sturgis, Washington, D. C.

There being no objection, the letter, with the accompanying papers, was referred to the Committee on Military Affairs, to

accompany the proposed amendment, and ordered to be printed in the RECORD, as follows:

CHURCHWOMEN'S LEAGUE FOR PATRIOTIC SERVICE,
Washington, D. C., February 6, 1929.

MY DEAR SENATOR COPELAND: You asked for information concerning the proposed memorial chapel of Plattsburg Barracks.

The league of which I have the honor to be national president has its largest membership in New York, about 1,200 women of the Episcopal Church. Its Army post committee was formed in 1925 to further the work of the United States Army chaplains at the posts, and to increase the interests of civilians in our military service.

The chairman visited the War Department and was welcomed and encouraged by them. This committee, invited to a conference of 42 chaplains on Governors Island, heard there the needs of Plattsburg Barracks. On their decision to further the building of a memorial chapel there approval was obtained from General Pershing, General Summerall, and others. On December 10, 1925, at a meeting of prominent citizens in the home of Mrs. Arthur Curtiss James, of New York, the project was brought before the people. From that time on the league has sought to obtain the necessary funds to build the chapel as planned by the Goodhue Associates, approved by the War Department.

Our aims were:

First, to meet the obvious need of such a building and in a way that would add to the beauty and historical interest of the region.

Second, to show citizen approval of the "Plattsburg idea" and honor President Roosevelt and Gen. Leonard Wood who, with Henry L. Stimson, originated citizen training in our country.

Third, to give a permanent place for the memory of our World War heroes, especially those who went out from Plattsburg.

Fourth, to declare by the plan and use of the structure our adherence to religious toleration as expressed in our Constitution.

So far we have in the fund \$20,855.38. We are about to incorporate, as the difficulty in raising the money will necessitate a longer campaign than we had expected. Our incorporators are: Chief Judge Benjamin N. Cardozo, Judge Philip J. McCook, Col. Thomas Denny, Col. William G. Bates, Mr. Thomas F. Conway, Mrs. A. G. Sanford, president of the Church Women's League for Patriotic Service (Inc.), of New York, and Miss Edith D. Hubbard, chairman of the Army posts committee.

I inclose a copy of my letter to President Coolidge which expresses our hope that the United States Government will complete the buildings lacking at Plattsburg, with our aid in raising such additional funds as will be necessary for the chapel.

We ask an apportionment of \$200,000 to be divided as follows: \$150,000 for the central part, tower, and historical windows of the chapel, and \$50,000 for a suitable gymnasium, very much needed for the resident and the summer camp men.

I fear to make my statement too long, though I leave a great deal unsaid concerning this significant project. I should be glad to answer any questions at any time that you care to see me concerning this matter.

Very sincerely yours,

CAROLYN STURGIS
(Mrs. WILLIAM CODMAN STURGIS),
1717 Twentieth Street NW.

MY DEAR MR. PRESIDENT: I ask your kind consideration of the possibility of giving the weight of your commendation to the inclusion in the Budget of a substantial sum toward the two important buildings still lacking at Plattsburg Barracks. I refer to the memorial chapel and the gymnasium. The latter was burned down several years ago and the narrow limits of military appropriations have made it impossible to rebuild. The dilapidated structure that does duty, among other uses, for a house of worship has been for three years the concern of the league of which I have the honor to be national president.

We hope to see built a structure which shall meet the needs of the post, be a worthy recognition of the service rendered by President Roosevelt and General Wood in initiating the "Plattsburg idea," and of the men who carried out those inspirations on the battle field, and also to serve as a proof that the religious toleration enjoined on us by the Constitution has not been forgotten. We have found much difficulty in raising the amount necessary. The so-called pacifists who say Army posts have no reason for being, and those who do not subscribe to General Washington's dictum that "Morality can not be maintained without religion," are hard to interest. Many think a great and proud nation should itself equip its Army posts.

It would be a gracious act if you could suggest to those who are responsible for the national Budget an appropriation to cover the costs of these buildings at Plattsburg Barracks. The league has gathered together \$20,855.38 for the chapel. The plan calls for about \$200,000 if the building is to be worthy the cause which it represents and the historic associations of the locality.

An appropriation of \$150,000 would suffice to erect the central part of the memorial chapel as planned, with its tower and historical windows. The national organization, which I represent, will undertake

to raise whatever sum might prove necessary for the completion of the building.

The chapel is the primary concern of the league, but it is obvious that the post is not fully equipped until there is also provided an adequate gymnasium.

CAROLYN STURGIS.

THE WHITE HOUSE,
Washington, January 28, 1929.

Mrs. WILLIAM CODMAN STURGIS,

1717 Twentieth Street NW., Washington, D. C.

MY DEAR MRS. STURGIS: Your letter of January 27 regarding the buildings at Plattsburg Barracks has been received and by the President's direction it is being brought to the attention of General Lord, Director of the Bureau of the Budget.

Sincerely yours,

EVERETT SANDERS,
Secretary to the President.

MY DEAR GENERAL LORD: The President sends me word that my letter to him in regard to the needs of Plattsburg Barracks have been handed on to you.

We have a strong impression that whenever more funds are needed to enforce prohibition they are pinched off the military apportionment. Would it not be just, since the rumor is abroad that the light-hearted apportionment for enforcement of twenty-seven millions is to be cut down that a fragment of that princely sum should go to equipping the premier camp for citizen training in America, with its much and long needed chapel and gymnasium?

I have heard mothers tell what the Plattsburg camp has done for their sons. I know what a solvent of class prejudice it is; we have proof that the disruptive elements in our country are busy there with their propaganda. Can we not make Plattsburg a small reflex of West Point in the power to increase true patriotism, respect for law and order, and belief in God?

CAROLYN STURGIS.

WAR DEPARTMENT NOTES

MAY 3, 1927.

The Plattsburg Memorial Chapel: The conference of chaplains of the Regular Army, National Guard, and Organized Reserves, which has been in session in the office of the Chief of Chaplains, United States Army, has given unanimous approval to the plan of building a memorial chapel at Plattsburg Barracks, N. Y., as sponsored by the Churchwomen's League for Patriotic Service. Mrs. William C. Sturgis, 943 Lexington Avenue, New York, N. Y., chairman of the committee on Army posts of the league, said: "The Churchwomen's League is unique in that it was organized after the World War to conserve the energies of church women who had been active in war work. It has approved the principle and practice of military training camps and, since Plattsburg Barracks has had so large a part in training citizens for military service in time of emergency, it has decided to erect a chapel there as a memorial to soldier dead and to serve the religious needs of the young men trained there each year."

It is especially fitting that a chapel should be erected at Plattsburg Barracks where military training camps, that have become so popular, were begun by former President Theodore Roosevelt and Maj. Gen. Leonard Wood, and where hundreds of young men are instructed each year in the art of being soldiers. This structure will serve to make real and tangible those spiritual values of life without which physical and mental attainments are incomplete. Thousands of young men will receive religious training here each year.

Plattsburg Barracks, situated on beautiful Lake Champlain, is an historic Army post. Troops have been continuously stationed there for more than one and one-half centuries. It was fought over during the Indian wars, the Revolution, and the War of 1812. At present the garrison numbers about 2,000 persons and has a Sunday school of about 125 children. It is entirely without a suitable place for worship, and the military personnel on duty there is overjoyed at the prospects of having a well-appointed chapel provided them in the near future.

When completed the Plattsburg Memorial Chapel will be denominationally composite in type suited to the religious needs of men of all creeds and beliefs. Ample space will be provided to house the activities in religious education and for the necessary studies, sacristies, choir, and robing rooms.

The approximate cost of the chapel when completed will be \$250,000. It will fittingly express the spirit of religion, sacrifice, and devotion to God and country. It will be nonsectarian in character and open to the ministers and priests of all religious beliefs.

THE PLATTSBURG MEMORIAL CHAPEL

To be erected by the American people at Plattsburg Barracks to perpetuate the memory of those men who on this historic ground dedicated their lives to their country and went out never to return.

Sponsored by the Churchwomen's League for Patriotic Service (Inc.); headquarters, 130 East Fifty-seventh Street, New York; president, Mrs. Henry Gansevoort Sanford; secretary, Mrs. Robert Goodhue Clarkson; treasurer, Mrs. Malcolm Stuart; national president, Mrs. William Codman Sturgis.

WHY BUILD A CHAPEL AT PLATTSBURG?

Because religion should be recognized as an integral part of the Nation's life.

Because the heroic young soldiers who went forth from Plattsburg in the late war should have a memorial worthy of their patriotism and sacrifice.

Because a chaplain should have a chapel as a doctor has a hospital. There is now no place of worship at Plattsburg Barracks.

Because Plattsburg has been for over a century a permanent Army post and will continue to be.

Because the 3,000 to 4,000 young men who go in summer for military training should be trained in moral values as well, if they are to take into civilian life not only the fruits of discipline and order but the higher virtues of loyalty and self-sacrifice.

Because memorials to those who have shown these virtues even unto death should be placed where they can be a constant inspiration to those who follow.

For the purpose of building a memorial chapel at Plattsburg Barracks

I pledge

inclose

Name

Street

City

Make checks payable to the Plattsburg memorial fund and send to the Churchwomen's League for Patriotic Service (Inc.), 130 East Fifty-seventh Street, New York City.

A receipt will be sent and the name inscribed in the Golden Book of Remembrance.

The proposed design by the Bertram G. Goodhue Associates, architects for St. Thomas' Church, New York, shows a beautiful structure, gothic in feeling, expressing the spirit of religion and devotion to God and country. It provides a chapel for Protestant services, a chapel for Roman Catholic services, and a Jewish sanctuary, forming a unique structure, grouping under one roof the three principal forms of worship for which our Government furnishes chaplains.

THE PLATTSBURG MEMORIAL CHAPEL

I can think of nothing finer, if we wish to serve our country, than to erect a memorial to the men of the Plattsburg camp who gave their lives; for at that camp originated many of the ideas which distinguished our Army, and on its ground were dedicated the lives of many of those who went out never to return. (Gen. Charles P. Summerall, Chief of Staff, United States Army.)

WHY BUILD A CHAPEL AT PLATTSBURG?

Because religion should be recognized as an integral part of life.

Because the heroic young soldiers who went forth from Plattsburg in the late war should have a memorial worthy of their patriotism and sacrifice.

Because a chaplain should have a chapel as a doctor has a hospital. There is now no place of worship at Plattsburg Barracks.

Because Plattsburg has been for over a century a permanent Army Post and will continue to be.

Because the thousand men and their families stationed there all the year round should have the essentials of civilized life.

Because the 2,000 to 3,000 young men who go in summer for military training should be trained in moral values, as well, if they are to take into civilian life not only the fruits of discipline and order but the higher virtues of loyalty and self-sacrifice.

Because memorials to those who have shown these virtues even unto death should be placed where they can be a constant inspiration to those who follow.

THE PROPOSED MEMORIAL CHAPEL

Led by the Churchwomen's League for Patriotic Service (Inc.), a movement has been organized to erect at Plattsburg a memorial chapel. For this purpose \$200,000 is needed, to be raised by popular subscription.

The chapel, designed by Bertram G. Goodhue Associates, architects of St. Thomas' Church, New York, will be an impressive and beautiful structure, Gothic in general design, expressing the spirit of religion, sacrifice, and devotion to God and country. It will provide a chapel for Protestant services, a chapel for Roman Catholic services, and a Jewish sanctuary. In this it will be a unique structure, having place for the three principal forms of worship to which the men of the training camp are accustomed.

A SHRINE OF PATRIOTISM

Plattsburg! What memories cluster around the most famous of Army training camps! Consecrated by the blood of patriots in the War of 1812, in our own time it became the center of the system inaugurated by

Theodore Roosevelt and General Wood known as the "Plattsburg idea," which aroused America to the need of preparedness before our entrance into the World War.

From Plattsburg went forth, at the call of Woodrow Wilson, thousands of the brave young spirits who served under General Pershing on the battle fields of Europe. To Plattsburg, every summer, go thousands of young men for intensive training.

NO PLACE OF WORSHIP THERE

The permanent garrison comprises from 1,200 to 1,500 men. Many of the officers and soldiers have their families with them. There are about 125 children there. Since 1921 more than 18,000 young men have been there for training.

Yet there is at Plattsburg Barracks no place of worship for all these souls. In fair weather services are held on the parade grounds, at the bandstand or any place available, where hundreds gather at the various religious services—Protestant, Catholic, and Jewish.

INDORSED BY ARMY CHIEFS—GENERAL PERSHING WAS THE FIRST TO GIVE HIS HEARTY INDORSEMENT

One of the last letters written from the Philippine Islands by General Wood relative to the proposed chapel tells of his "keen interest and sympathy in the project." Governor Smith, of New York, expresses his "warm commendation of this worthy and patriotic purpose."

Secretary of War Dwight F. Davis says: "Your proposal to honor those who made the supreme sacrifice in the World War by providing a suitable house of worship at an Army post is most commendable. The selection of Plattsburg Barracks as the location for such a memorial is especially fitting because of the very large number of young men who were trained there for duty during the war."

Col. John T. Axton, Chief of Chaplains, United States Army, strongly emphasizes the necessity of a chapel there.

Ministers and prelates of all denominations have given the project their warmest commendation. Bishop Brent, formerly Chief of Chaplains, A. E. F.; Bishop Manning, of New York; the Catholic Bishop of Ogdensburg, northern New York; Rabbi Tintner, the well-known war chaplain, and others of the Jewish faith; Rev. Dr. S. Parkes Cadman, of Brooklyn; Bishop James De Wolf Perry, of Rhode Island; and many others.

(Churchwoman's League for Patriotic Service (Inc.), headquarters, 130 East Fifty-seventh Street, New York)

President, Mrs. Henry Gansevoort Sanford; honorary vice president, Miss Agnes Emily Warren; vice presidents, Mrs. Henry Whitney Munroe and Mrs. Charles Gilmore Kerley; secretary, Mrs. William Codman Sturgis; treasurer, Mrs. Malcolm Stuart; honorary chairman for the Plattsburg memorial, the Right Rev. Charles H. Brent, D. D.; treasurer for the Plattsburg memorial, Lieut. Col. Arthur M. Wolff, 111 Broadway, New York.

EXECUTIVE SESSION

Mr. JONES. Mr. President, I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After seven minutes spent in executive session the doors were reopened.

DEATH OF FORMER SENATOR FRANK P. FLINT

Mr. SHORTTRIDGE. Mr. President, with sincere sorrow I wish to announce to the Senate the death of former Senator Frank P. Flint, of the State of California, which occurred today at Manila, P. I. I ask for the adoption of the resolutions which I send to the desk.

The VICE PRESIDENT. The resolutions will be read.

The resolutions, S. Res. 328, were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with deep regret and profound sorrow the announcement of the death of Hon. Frank P. Flint, formerly a Senator from the State of California.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased the Senate do now take a recess until 12 o'clock to-morrow.

Under the last resolution the Senate (at 5 o'clock and 17 minutes p. m.) took a recess until to-morrow, Thursday, February 14, 1929, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 13 (legislative day of February 11), 1929

UNITED STATES ATTORNEYS

George Neuner, of Oregon, to be United States attorney, district of Oregon. (A reappointment, his term expiring February 27, 1929.)

Haveth E. Mau, of Ohio, to be United States attorney, southern district of Ohio. (A reappointment, his term expiring February 24, 1929.)

APPOINTMENTS IN THE REGULAR ARMY
GENERAL OFFICERS

To be major general

Brig. Gen. Frank Parker, from February 11, 1929, vice Maj. Gen. Charles D. Rhodes, retired February 10, 1929.

To be brigadier general

Col. Charles DuVal Roberts, Infantry, vice Brig. Gen. Frank Parker, nominated for appointment as major general.

POSTMASTERS

CALIFORNIA

Virgil W. Norton to be postmaster at Sutter Creek, Calif., in place of V. W. Norton. Incumbent's commission expires February 23, 1929.

DELAWARE

Levin R. Hill to be postmaster at Selbyville, Del., in place of V. E. Simpler. Incumbent's commission expired December 10, 1928.

ILLINOIS

Alfred P. Goodman to be postmaster at Verona, Ill., in place of A. P. Goodman. Incumbent's commission expires February 23, 1929.

INDIANA

George H. Griffith to be postmaster at Fremont, Ind., in place of G. H. Griffith. Incumbent's commission expires February 23, 1929.

Roy R. Berlin to be postmaster at Nappanee, Ind., in place of R. R. Berlin. Incumbent's commission expires February 23, 1929.

Elmer S. Applegate to be postmaster at Paragon, Ind., in place of E. S. Applegate. Incumbent's commission expires February 23, 1929.

Orville E. Steward to be postmaster at Rossville, Ind., in place of O. E. Steward. Incumbent's commission expires February 23, 1929.

IOWA

Orwin W. Masching to be postmaster at Exira, Iowa, in place of O. W. Masching. Incumbent's commission expired December 29, 1928.

MARYLAND

Richard H. Williams to be postmaster at Midland, Md., in place of R. H. Williams. Incumbent's commission expired January 22, 1929.

Anna Novy to be postmaster at Overlea, Md., in place of Anna Novy. Incumbent's commission expired January 24, 1926.

MASSACHUSETTS

Ralph H. Parker to be postmaster at Framingham, Mass., in place of R. H. Parker. Incumbent's commission expires February 23, 1929.

MINNESOTA

Lesley S. Whitcomb to be postmaster at Albert Lea, Minn., in place of L. S. Whitcomb. Incumbent's commission expires February 23, 1929.

Frank L. Hoagland to be postmaster at Marshall, Minn., in place of F. L. Hoagland. Incumbent's commission expired December 29, 1928.

MISSISSIPPI

Walter E. Dreaden to be postmaster at Lambert, Miss., in place of W. E. Dreaden. Incumbent's commission expires February 21, 1929.

MISSOURI

Bertha D. Marling to be postmaster at Elsberry, Mo., in place of B. D. Marling. Incumbent's commission expired December 17, 1928.

Charles C. Stobaugh to be postmaster at Triplett, Mo., in place of C. C. Stobaugh. Incumbent's commission expired December 10, 1928.

NEBRASKA

Etta H. Bartlett to be postmaster at Potter, Nebr., in place of E. H. Bartlett. Incumbent's commission expired December 11, 1928.

NEW YORK

C. LaDue Griffin to be postmaster at Oakfield, N. Y., in place of C. H. Griffin, deceased.

NORTH CAROLINA

Cephus Futrell to be postmaster at Murfreesboro, N. C., in place of Cephus Futrell. Incumbent's commission expires February 23, 1929.

PENNSYLVANIA

James G. Galbreath, jr., to be postmaster at Glassmere, Pa., in place of J. G. Galbreath, jr. Incumbent's commission expires February 23, 1929.

James B. Maugle to be postmaster at New Ringgold, Pa., in place of A. G. Bummer, removed.

Arthur J. Davis to be postmaster at Noxen, Pa., in place of A. J. Davis. Incumbent's commission expires February 23, 1929.

Sharp A. Caylor to be postmaster at Punxsutawney, Pa., in place of S. A. Caylor. Incumbent's commission expires February 23, 1929.

Malcolm H. Shick to be postmaster at Sheffield, Pa., in place of M. H. Shick. Incumbent's commission expired February 29, 1928.

Daniel F. Pomeroy to be postmaster at Troy, Pa., in place of D. F. Pomeroy. Incumbent's commission expires February 23, 1929.

SOUTH CAROLINA

Raymond S. Younginer to be postmaster at Irmo, S. C. Office became presidential October 1, 1928.

WEST VIRGINIA

Thomas E. Clovis to be postmaster at Pennsboro, W. Va., in place of B. F. McGinnis. Incumbent's commission expired December 16, 1928.

WISCONSIN

Arthur V. DeWitt to be postmaster at Sayner, Wis., in place of A. V. DeWitt. Incumbent's commission expires February 20, 1929.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 13 (legislative day of February 11, 1929)

FEDERAL RADIO COMMISSION MEMBERS

Ira E. Robinson, for a term of two years, expiring February 23, 1931.

Harold A. Lafount, for a term of four years, expiring February 23, 1933.

Eugene O. Sykes, for a term of five years, expiring February 23, 1934.

POSTMASTERS

ARKANSAS

Pearl Knod, Gilham.
Estelle Baynham, Success.
Flippen W. Whitner, Wabbaseka.

INDIANA

Fred A. Spray, Lebanon.

KANSAS

Axel F. Holmgren, Lincolnville.

MASSACHUSETTS

Albin K. Parker, Norwood.

MICHIGAN

Edward Keisu, Calumet.
Charles J. Larson, Ironwood.

MONTANA

Ovid S. Draper, Bonner.

NEW JERSEY

Clair MacFarland, Monroeville.
Everton A. Corson, Ocean City.

OHIO

William E. Pangburn, Felicity.

WEST VIRGINIA

Elmer O. Bowyer, Dundon.
Thomas A. Jones, Mount Hope.
John H. Shay, Star City.

HOUSE OF REPRESENTATIVES

WEDNESDAY, February 13, 1929

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Father, Thou art our God, and earnestly would we seek Thee. The depths of the riches of Thy wisdom and knowledge draw us apart. Thou art the joy of our joy, the peace of our peace, and the love of our love. Our hidden and unseen desires are before Thee. Sift them that they may be foregleams of Thy plan and presence. Throughout this day may our trusts be administered with minds that are wise and with hearts that are true. Look upon our country and the nations associated with us for the advancement of good will throughout the earth. In all things may they stand together for righteousness and justice. Clothe all of them with the high and noble elements of national life. And unto Thee be praises world without end. Amen.

The Journal of the proceedings of yesterday was read and approved.

CALENDAR WEDNESDAY

Mr. TILSON. Mr. Speaker, this is Calendar Wednesday, and I am not entirely clear as to what matters of business might be transacted to-day in spite of that fact. Whatever the situation may be, I ask unanimous consent that the conference report on the independent offices appropriation bill may now be considered.

The SPEAKER. The gentleman from Connecticut asks unanimous consent that the conference report on the independent offices bill may be considered. Is there objection?

Mr. BLACK of Texas. Mr. Speaker, reserving the right to object, and I shall not object if it be understood that no points of order are waived.

Mr. TILSON. It will be understood that the conference report will be considered under the general rules of the House.

Mr. BLACK of Texas. With the understanding that no point of order is waived by agreeing to the unanimous consent.

INDEPENDENT OFFICES APPROPRIATION BILL

Mr. WASON. Mr. Speaker, I call up the conference report on the bill H. R. 16301, and, Mr. Speaker, I ask unanimous consent that the statement of the managers may be read in lieu of the report.

The SPEAKER. Is there objection to the request?

Mr. BLACK of Texas. Mr. Speaker, the conference report is short, and I have a point of order to press to the conference report.

The SPEAKER. The Clerk will read the report.

The Clerk read the report.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 16301) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1930, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 7, 8, 10, and 19.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 4, 5, 6, 11, 12, 13, 14, 15, 16, 17, 18, and 20, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert "\$123,520"; and the Senate agree to the same.

Amendment numbered 9: That the House recede from its disagreement to the amendment of the Senate numbered 9, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment, amended to read as follows:

"Hereafter the Chief of the Bureau of Efficiency shall certify annually to the Bureau of the Budget, along with his estimates of appropriations for the ensuing year, a statement of the amount of the savings which he estimates have been effected in the various bureaus and offices of the Government, including

the District of Columbia, as a result of the surveys and recommendations made by the Bureau of Efficiency in cooperation with the bureau or office involved during the previous fiscal year; and the Bureau of the Budget shall, upon the request of any appropriation committee of the House or Senate, supply such committee with a statement of the reductions or adjustments of appropriations effected or proposed to be made in the appropriations for the respective bureaus or offices as a result of such surveys by the Bureau of Efficiency."

And the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$541,445,740"; and the Senate agree to the same.

EDWARD H. WASON,
JOHN W. SUMMERS,
JOHN C. ALLEN,
THOMAS H. CULLEN,
FRED M. VINSON,

Managers on the part of the House.

F. E. WARREN,
REED SMOOT,
W. L. JONES,
LEE S. OVERMAN,
CARTER GLASS,

Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 16301) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1930, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report, as to each of such amendments, namely:

On No. 1: Provides two additional secretaries to the President at \$10,000 per annum each, as proposed by the Senate.

On No. 2: Appropriates an additional \$20,000, as proposed by the Senate, for salaries in the office of the President, on account of the two additional secretaries, and strikes out the Senate provision making \$10,000 of the appropriation immediately available.

On Nos. 3 and 4: Appropriates the additional sum of \$50,000, to be immediately available, as proposed by the Senate, for alterations in the White House and in the Executive Office Building, incident to the new administration.

On No. 5: Appropriates \$5,000 for purchase for the Executive Mansion of an oil portrait of President Coolidge.

On No. 6: Corrects a total.

On Nos. 7, 8, and 10: Strikes out \$3,800 provided by the Senate for an investigator in the Bureau of Efficiency.

On No. 9: Restores a House provision, stricken out by the Senate, amended to read as follows:

"Hereafter the Chief of the Bureau of Efficiency shall certify annually to the Bureau of the Budget, along with his estimates of appropriations for the ensuing year, a statement of the amount of the savings which he estimates have been effected in the various bureaus and offices of the Government, including the District of Columbia, as a result of the surveys and recommendations made by the Bureau of Efficiency in cooperation with the bureau or office involved during the previous fiscal year; and the Bureau of the Budget shall, upon the request of any appropriation committee of the House or Senate, supply such committee with a statement of the reductions or adjustments of appropriations effected or proposed to be made in the appropriations for the respective bureaus or offices as a result of such surveys by the Bureau of Efficiency."

On Nos. 11 and 12: Appropriates \$3,060, as proposed by the Senate, for an additional examiner for the Civil Service Commission.

On Nos. 13, 14, and 15: Appropriates \$52,536, as proposed by the Senate, for 12 additional associate examiners and their expenses.

On Nos. 16, 17, and 18: Appropriates \$764,000, as proposed by the Senate, instead of \$763,000, as proposed by the House, for salaries and expenses of the Tariff Commission.

On No. 19: Strikes out the Senate provision that "no part of the sums appropriated in this act shall be used to maintain the Sea Service Bureau."

On No. 20: Allocates \$300,000, as proposed by the Senate, instead of \$350,000, as proposed by the House, for expenditures for services of attorneys in the Shipping Board.

On No. 21: Corrects the total of the bill.

EDWARD H. WASON,
JOHN W. SUMMERS,
JOHN C. ALLEN,
THOMAS H. CULLEN,
FRED M. VINSON,

Managers on the part of the House.

Mr. BLACK of Texas. Mr. Speaker, I make the point of order against the conference report in that the members of the House committee on the conference agree to Senate amendment No. 1, which is in violation of Rule XX, section 2, as amended June 1, 1920. That rule provides:

No amendment of the Senate to a general appropriation bill which would be in violation of the provisions of clause 2 of Rule XXI, if said amendment had originated in the House, nor any amendment of the Senate providing an appropriation upon any bill other than a general appropriation bill, shall be agreed to by the managers on the part of the House unless specific authority to agree to such amendment shall be first given by the House by a separate vote on every such amendment.

Now, Mr. Speaker, the United States Code provides that there shall be appointed by the President one secretary, and it provides that his salary shall be \$10,000 per annum. Now, of course, if the proper legislative committee of the House chooses to bring in a bill granting the President two additional secretaries, or if the House itself chooses to agree to an amendment of that kind, then very well and good; but we have adopted a rule that the Appropriations Committee shall not agree to any amendment that proposes new legislation without specific authority of the House, and I think in the interest of proper procedure and economy the Appropriations Committee of the House should understand that it is the will of the House that they follow that rule.

The SPEAKER. Does the gentleman make the point of order against the entire report?

Mr. BLACK of Texas. I think it would have to be made to the entire report, and I therefore make the point of order against the entire conference report.

Mr. SNELL. Would the gentleman from Texas be willing to withdraw his point of order provided there is a separate vote on the amendment to which he objects?

Mr. BLACK of Texas. I will state very frankly that I will withdraw it if we are granted a separate vote on this amendment so that the integrity of the rules of the House will be observed. The only reason why I press the point of order is that the House has very properly adopted a rule to the effect that the Appropriations Committee shall not agree to any legislative amendment put on an appropriation bill by the Senate. I do not think that at any time consent should be given for the rule to be transgressed. The Appropriations Committee should understand they have no power to agree to a Senate amendment which proposes new legislation without specific authority from the House.

Mr. DENISON. No one can demand a separate vote.

Mr. BLACK of Texas. Not except by unanimous consent, the way this conference report is arranged.

Mr. SNELL. Would it not be best to make a unanimous-consent request and have the House vote on that one amendment?

The SPEAKER. The Chair thinks that under the circumstances unanimous consent is possible. This is brought in as a separate disagreement, waiving the rule, and therefore this amendment could be treated separately.

Mr. SNELL. That is why I am submitting this inquiry.

The SPEAKER. The Chair thinks that by unanimous consent the amendment could be considered separately.

Mr. CRAMTON. Mr. Speaker, it seems to me that it being a part of the conference report, which has gone to the Senate as well as having come to the House, and having probably been agreed to by the Senate, the only thing we could do to affect the situation would be by unanimous consent to proceed to the consideration of this proposition in this way. I suggest that we consider the amendment No. 1 with the understanding, if the gentleman will permit, that if the House, after discussion, is in favor of the proposition, then the report will not be subject to the point of order; and on the other hand, if the House is adverse to favorable action on that the conference report goes back to conference.

Mr. SNELL. That is what I had in mind. I wanted a separate vote on that amendment.

Mr. BLACK of Texas. My object in making the point of order is to protect the rules of the House. The House has the

right, when the Senate puts on an appropriation bill a legislative amendment, to have that brought back to the House and have it explained by those in charge of the bill. Then vote upon it separately.

Mr. TILSON. If the gentleman will yield, it is perfectly evident that the amendment is subject to a point of order. Nobody contests that point.

Mr. BLACK of Texas. There is no doubt about it.

The SPEAKER. The Chair is informed that this conference report has already been acted upon by the Senate.

Mr. CRAMTON. Mr. Speaker, I ask unanimous consent that pending the consideration of the conference report the Senate amendment No. 1 be considered in the House and the decision of the House taken with reference to it, with the understanding that if the House acts favorably upon amendment No. 1 there will be no point of order made against the report, and the report can then be taken up for consideration. If, however, the decision is adverse on amendment No. 1, the point of order pending against the report may be made and action taken, the same as is ordinarily done when a conference report is brought in that contains improper matter.

The SPEAKER. The Chair asks whether there is any legislation authorizing this?

Mr. WASON. I do not think there is.

The SPEAKER. Then the point of order would be good. The gentleman from Michigan asks unanimous consent that the Senate amendment No. 1 may be considered first and separate from the rest of the conference report, with the understanding that if the House votes the amendment in, then the point will not lie against the conference report. If the House votes it out, then a point of order will lie against the report.

Mr. BANKHEAD. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BANKHEAD. In the event unanimous consent shall be given to consider that amendment, would it be necessary to go into Committee of the Whole or would it be considered in the House?

The SPEAKER. The Chair thinks it would be considered in the House.

Mr. BANKHEAD. Are we not doing a vain thing, inasmuch as the Senate has already agreed to the conference report and the conferees have been discharged? Would it not be necessary to take further action?

The SPEAKER. The Chair thinks not.

Mr. SABATH. Mr. Speaker, reserving the right to object, what does the amendment contain?

Mr. SNELL. Provision for two additional secretaries.

The SPEAKER. Is there objection to the request of the gentleman from Michigan [Mr. CRAMTON]? [After a pause.] The Chair hears none.

Mr. TILSON. Now, Mr. Speaker, I ask unanimous consent that the amendment in question be reported.

The SPEAKER. The Clerk will report amendment No. 1.

The Clerk read as follows:

Amendment No. 1: Page 2, after line 8, insert "two additional secretaries to the President, at \$10,000 each."

Mr. BLACK of Texas. Mr. Speaker, I would like to ask the gentleman from New Hampshire to explain the reason for this amendment and why it was agreed to by the conferees and the necessity that the President should have three secretaries instead of one, as has been the case for a number of years? Why will Mr. Hoover need three secretaries?

Mr. WASON. Mr. Speaker, I move that the House recede and concur in this amendment of the Senate.

The SPEAKER. The gentleman from New Hampshire moves that the House recede and concur in Senate amendment No. 1.

Mr. ABERNETHY. Mr. Speaker, will the gentleman from New Hampshire yield for a moment?

Mr. WASON. Yes.

Mr. ABERNETHY. Are these two additional secretaries deemed necessary on account of the very large majority which the President elect got at the last election? [Laughter.]

Mr. WASON. I was not fully informed, but I understood that this additional man was needed as a clerk to assist the new President, and I have no doubt but that by the addition of that man it will be possible for North Carolina to receive its proportionate part of this man's service. [Laughter.]

Mr. VINSON of Kentucky. While the amendment carries two additional secretaries, there will really be only one additional. There is \$7,500 carried in the bill for a gentleman already down there. The increase of the appropriation is \$12,500, and there is an increase of but one employee.

Mr. SABATH. Do I understand the gentleman to state that these two additional secretaries are required because one is needed to take care of that section of country from which the

gentleman hails, or is it because of the large number of applications that are now pending and the demands which are being made from that section upon the President that he will have to have a man from that section appointed to take care of all those applications and demands?

Mr. WASON. I want to say to my friend from Illinois that that information was not furnished to us. I was simply answering the inquiry of your friend and mine from North Carolina, and I was not referring to any other part of the country that would be benefited, but I am sure that the district which my distinguished friend from Illinois represents will see the reflected benefit if the House approves of this amendment.

Mr. ABERNETHY. The gentleman recalls what the Governor of North Carolina said to the Governor of South Carolina?

Mr. WASON. I was not present.

Mr. TILSON. Will the gentleman yield?

Mr. WASON. Certainly.

Mr. TILSON. I think the gentleman from Kentucky [Mr. VINSON], a member of the committee, has given an explanation of the amendment which should make it entirely clear to everyone.

Mr. BLACK of Texas. May I inquire who asked for the additional secretary that is provided for?

Mr. WASON. I understand there was a Budget estimate, which went to the Senate. That is my information.

Mr. BLACK of Texas. With the recommendation that the new position be created?

Mr. WASON. With that suggestion; yes.

The SPEAKER. The question is on the motion of the gentleman from New Hampshire that the House recede and concur in the Senate amendment.

The question was taken, and the Senate amendment was agreed to.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

PROHIBITING THE EXPORTATION OF ARMS TO NATIONS VIOLATING THE PACT OF PARIS

Mr. KORELL. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on House Joint Resolution 381, which I introduced on January 18.

The SPEAKER. The gentleman from Oregon asks unanimous consent to extend his remarks in the Record on House Joint Resolution 381. Is there objection?

There was no objection.

Mr. KORELL. Mr. Speaker and Members of the House, our country has manifested its support of the cause of peace throughout the world by concluding a treaty with practically all of the civilized powers of the world in which the signatories have condemned recourse to war for the solution of international controversies and renounced it as an instrument of national policy in their relation with one another. By a separate covenant appearing in the same instrument the United States of America, and all the other signatories, have agreed that the settlement or solution of all disputes or conflicts of whatever nature or of whatever origin they may be which may arise among them shall never be sought except by pacific means. The treaty to which I refer was concluded at Paris, France, on the 27th day of August, 1928, and is universally known as the pact of Paris. It was ratified after a protracted debate in the United States Senate on the 16th day of January, 1929. The vote for its ratification stood 85 yeas and 1 nay.

The Senate's ratification of the multilateral treaty has produced a result that is revolutionary. The treaty reverses the position that war has heretofore occupied in the realm of international law by delegitimizing it. In the past war has been regarded in international law as a perfectly legitimate means by which a nation might advance its interests or its policies. Now, a nation that resorts to arms must vindicate its course or lose the respect of the civilized world. A violation of the treaty constitutes an offense against every signatory to the pact. It makes the nation that shall start a war a lawbreaker and guilty of an international crime. My reason for requesting your consent to these remarks is to place before you a personal observation on one of the criticisms that has been expressed against the treaty. Also, to suggest a method by which greater assurance that its covenants will be respected may be obtained.

The critics who scoff at the treaty because it merely pledges the signatories to a principle of policy have failed to appreciate its full importance. They have strained too much for a technical construction of its language. In doing this they have completely overlooked its real if not its vital significance. They have also ignored the phrase appearing in the preamble which states in effect "that violators should be denied the benefits of the treaty." Manifestly, ratification of the treaty has destroyed

the distinction between all kinds of wars. There can not be a legal as distinguished from an illegal war under the treaty. Henceforth it will only be necessary to determine whether a party has violated the pact of Paris in order to say which nation is acting in self-defense and which is the aggressor. The covenants of the treaty will be the sole test. Again, the powers which have elected to accept "the benefits furnished by this treaty" are bound to do everything that will assure all of the parties to it the full enjoyment of the benefits to which each as a signatory is entitled. In other words, they are pledged to refrain from doing everything inconsistent with the policy which it declares.

Signing the treaty has ipso facto destroyed the neutral status of each signatory. All are now tangibly and directly concerned with its observance and breach. The very conception of neutrality presupposes the legality of war. Therefore a declaration of neutrality is neither logical nor tenable. Neutrality is inconsistent with the covenants of the treaty.

To denounce and renounce war clearly implies that one will not resort to war. It also implies that one will not aid another in doing that which he himself has expressly covenanted not to do. This conclusion is irresistible. To contend otherwise would be ridiculous. Accordingly applying this construction to the covenants of the treaty it is clear that all the nations that have signed the pact of Paris are bound not to give aid or comfort to a nation that shall resort to war. In fact, to go a step farther, one is justified in insisting that the act of supplying a belligerent nation with the resources of war, would not only be a serious breach of faith under the treaty but also that such an act would be equivalent to making the nation doing so an accomplice to the crime of war in the same manner and to the same extent that placing a gun in the hands of a murderer to kill one's neighbor would make an individual an accessory to the homicide.

I agree with those who entertain the view that the mere signing of the pact of Paris has not obligated the United States to join in positive measures to suppress a war. I also agree that each signatory is still free to a certain extent to exercise its own discretion with respect to the method by which it shall take cognizance of a violation of the covenants of the pact of Paris. But I strongly dissent from the opinion of those critics who believe that a signatory can be indifferent to future wars or to participate directly or indirectly in one except in defiance of its solemn pledge. Such a construction would do violence to language. If I am correct in this contention and in the assumption which naturally follows that the United States is bound to refrain from giving aid or comfort to the nation that shall violate the covenants of the treaty, Congress should, in all honor and good faith, take advantage of this opportunity to prohibit private manufacturers from supplying offending nations with the resources of war.

In connection with the thought which I have hastily and very briefly sketched I will call your attention to the provisions of a resolution that I introduced on January 17, the day following the vote in the Senate, and before the treaty in question was signed by the President. It is marked by the Clerk, House Joint Resolution 381, and reads as follows:

House Joint Resolution 381, Seventieth Congress, second session
IN THE HOUSE OF REPRESENTATIVES,
January 16, 1929.

Mr. KORELL introduced the following joint resolution, which was referred to the Committee on the Judiciary and ordered to be printed:

Joint resolution (H. J. Res. 381) to prohibit the exportation of arms, munitions, or implements of war to nations violating the pact of Paris

Whereas the United States of America having heretofore manifested its support of the cause of peace throughout the world by having concluded a treaty with practically all of the civilized powers of the world in which the signatory parties have condemned recourse to war for the solution of international controversies and renounced it as an instrument of national policy in their relation with one another and have also agreed that the settlement or solution of all disputes or conflicts of whatever nature or of whatever origin they may be which may arise among them shall never be sought except by pacific means, said treaty being dated the 27th day of August, 1928, and universally known as "The pact of Paris"; and

Whereas the conclusion of said treaty having imposed no legal obligation upon the United States of America or any other power to join in police action against a cosignatory which shall hereafter violate the same except to place upon each party the moral duty to refrain from giving aid or comfort to such cosignatory; and

Whereas it appearing to the Congress of the United States of America that in the event of the violation of said treaty by a cosignatory that the act of supplying the offending party with the resources of war would be tantamount and equivalent to making the state doing so an accomplice to the aggression of such offender and a breach of good faith; and

Whereas that it should therefore be the policy of the United States of America, without recognizing or assuming any obligations to join in positive measures of suppression, to manifest its disapproval of any violation of the covenants and provisions of the pact of Paris: Therefore be it

Resolved, etc., That it is hereby declared to be the policy of the United States of America to prohibit the exportation of arms, munitions, or implements of war to any State which shall violate any of the covenants and provisions of the multilateral treaty concluded on August 27, 1928, known as "The pact of Paris."

SEC. 2. Whenever the President shall recognize the act of a cosignatory party as constituting a violation of the covenants of "The pact of Paris" by proclamation it shall be unlawful, except by the consent of Congress, to export, or attempt to export, any arms, munitions, or implements of war from any place in the United States, or any possessions thereof, to the territory of such offending State or to any place outside of the United States if the ultimate destination of such arms, munitions, or implements of war is within the jurisdiction of such offending State, or in control of either its military or naval forces.

SEC. 3. As used in this joint resolution, the term "arms, munitions, or implements of war" means—

1. Rifles, muskets, carbines.
2. (a) Machine guns, automatic rifles, and machine pistols of all calibers; (b) mountings for machine guns; (c) interrupter gears.
3. Projectiles and ammunition for the arms enumerated in Nos. 1 and 2 above.
4. Gun-sighting apparatus, including aerial-gun sights and bomb sights, and fire-control apparatus.
5. (a) Cannon, long or short, and howitzers, of a caliber less than 5½ inches (15 centimeters); (b) cannon, long or short, and howitzers, of a caliber of 5½ inches (15 centimeters) or above; (c) mortars of all kinds; (d) gun carriages, mountings, recuperators, accessories for mountings.
6. Projectiles and ammunition for the arms enumerated in No. 5 above.
7. Apparatus for the discharge of bombs, torpedoes, depth charges, and other kinds of projectiles.
8. (a) Grenades; (b) bombs; (c) land mines, submarine mines, fixed or floating; depth charges; (d) torpedoes.
9. Appliances for use with the above arms and apparatus.
10. Bayonets.
11. Tanks and armored cars; aircraft designed for purposes of warfare.
12. Arms and ammunition not specified in the above enumeration prepared for use in warfare.
13. Poisonous gases, acids, or any other articles or inventions prepared for use in warfare.
14. Component parts of the articles enumerated above, if capable of being used in the assembly or repair of the said articles or as spare parts.

SEC. 4. Whoever exports, or attempts to export, any arms, munitions, or implements of war in violation of the provisions of this resolution shall, upon conviction thereof, be punished by a fine of not exceeding \$10,000 and by imprisonment not exceeding two years. It shall be the duty of the Secretary of the Treasury to report any such violation of the provisions of this resolution to the United States district attorney for the district wherein the violation is alleged to have been committed.

This resolution follows in the main the provisions of the Burton resolution, now before the House with a favorable report from the Committee on Foreign Affairs. The only difference between the two resolutions is that the last one is somewhat narrower in its scope than the first.

If adopted, the resolution I have quoted will put teeth in the multilateral treaty. It will provide a penalty for its violation. Moreover, it points the way to the imposition of more severe penalties should the one suggested prove ineffectual. I believe that it represents the natural and logical step that should be taken by our Government following the submission and conclusion of the pact of Paris. In my opinion, it advances a policy toward international relations in which the world's greatest industrial and peace-loving nation may very properly assume the leadership and invite all other signatories to follow. I am anxious that the principle which it advances should be adopted if the broader principle advanced by the Burton resolution should not prove to be acceptable to the House. Incidentally, I urge everyone to read the report of the hearings on the Burton resolution.

Without undertaking to discuss at this time the provisions of the resolution in detail, I will call your attention to the fact that it does not relate in any way to articles that can be used for peaceful purposes. It deals exclusively with specific articles that are manufactured for war purposes and can only be used for carrying on warfare. If you will read it carefully, you will find that it does not even prohibit the exportation of the articles which it enumerates, except in one respect, and that is to a

country which shall violate the covenants of the treaty. It also provides that the President must recognize the act of a cosignatory as constituting a violation by requiring his proclamation before the embargo actually becomes operative. It has absolutely no application to rebellions and civil wars or even foreign quarrels that are not in contravention of the pact of Paris. Another factor which I believe is important is the clause "except by the consent of Congress," which appears in the resolution. This clause preserves a referendum on the action of the President in the event that the Members of the House of Representatives should conclude that he has acted too hastily or unwisely in an instant case.

Some people may conclude after reading the resolution that it places too great a responsibility and power upon the President. I do not think so. Presidents are expected to shoulder just such duties. We already have a law conferring authority upon our Chief Executives to place an embargo on arms when shipped to Central or South America, and two Republican and one Democratic Presidents have exercised their power under it. A specific instance of its exercise occurred in August, 1913, when President Wilson declared that in forbidding the exportation of arms and munitions to Mexico he was following the best practice of nations in the matter of neutrality. Again, upon careful examination, I think that you will find that there is nothing in the resolution requiring the President to make a decision in a close case or that will prevent him from placing an embargo on shipments to both belligerents if circumstances should dictate the wisdom of such a course. Moreover, he is not compelled to exercise his power if he does not think that it will be wise or advisable to do so. Personally, I can not conceive of the President issuing his proclamation in advance of an exchange of views among the various powers to the treaty, in a case where the act alleged to constitute the violation is not clear or in advance of the crystallization of public opinion. On the other hand, he is not bound to confer with other powers. The very broadest discretion is conferred. For one, I have every confidence that our Chief Executives will exercise it wisely. To withhold the responsibility and power from the President to decide when the embargo should become effective, in the first instance, might prevent suppressive steps being taken while Congress is not in session. Such a situation might truly render the treaty a purely "pious gesture" or a "scrap of paper" in cases where time is a vital element.

I have just said that prohibiting the exportation of arms to a signatory violating the treaty is a mild form of penalty—perhaps the mildest rebuke that could be devised, considering the nature and various ways of dealing with a serious international offense. Alongside of force, economic boycotts, withdrawal of financial aid, blockades, and various other devices it can hardly be considered even a punishment. In fact, such an embargo might easily be justified without reference to the treaty at all and solely upon the announcement of a policy that it is the desire of the United States to "starve war instead of babies." This is the purport of the Burton resolution if I understand its meaning correctly. It might be of interest to say in this connection that the United States was the first nation in the world to adopt laws requiring its citizens to observe rules of neutrality. Hence there should not be any fear of establishing a precedent. We have been setting them up for the world for a long time.

The proclamation of neutrality issued by Washington on April 22, 1793, reads as follows:

Whereas it appears that a state of war exists between Austria, Prussia, Sardinia, Great Britain, and the United Netherlands of the one part, and France on the other, and the duty and interest of the United States require that they should with sincerity and good faith adopt and pursue a conduct friendly and impartial toward the belligerent powers:

I have therefore thought fit by these presents to declare the disposition of the United States to observe the conduct aforesaid toward those powers, respectively; and to exhort and warn the citizens of the United States carefully to avoid all acts and proceedings whatsoever which may in any manner tend to contravene such disposition.

And I do hereby also make known that whatsoever of the citizens of the United States shall render himself liable to punishment or forfeiture under the law of nations by committing, aiding, or abetting hostilities against any of the said powers, or by carrying to any of them those articles which are deemed contraband by the modern usage of nations will not receive the protection of the United States against such punishment or forfeiture; and, further, that I have given instructions to those officers to whom it belongs to cause prosecutions to be instituted against all persons who shall, within the cognizance of the courts of the United States, violate the law of nations with respect to the powers at war, or any of them.

Prior to the issuance of this proclamation it had been the custom and common practice of all nations to permit their citizens to enlist in foreign armies and to aid belligerent nations to

conduct hostilities in every conceivable way. There was no restriction or restraint whatever. The only penalty that had been imposed was merely the danger which individuals ran of having their goods confiscated if they fell into the hands of belligerent powers, a penalty to which their own country warned them in advance that they would be abandoned. A notable instance of how neutrality was observed prior to Washington's proclamation was the employment of Hessian soldiers by the British Government during the Revolutionary War.

Just to give you a slight conception of how nations remained neutral prior to Washington's proclamation, reference might be made to the way maritime warfare was waged. Everyone familiar with history knows that freebooters were converted into a sort of irregular militia under the name of "privateers" and subject to the jurisdiction of Admiralty courts. To speak more plainly, warfare was waged along strictly piratical lines. Down to the end of the sixteenth century neutral commerce had not yet attained any great proportions and was left to the mercy of belligerents and the so-called privateers. With the establishment of regular navies, however, the existing customs commenced to be abrogated or modified and increasing navigation made it necessary to establish rules which are recognized to-day as part of international law in order to secure the free intercourse of nations. The first organized effort for the purpose of protecting freedom of navigation against belligerents was a league of nations formed by Russia in 1780. This league formulated a declaration which is known as the First Armed Neutrality. The substance of this declaration was that neutral nations might freely navigate from port to port and along the coast of nations at war and that the goods belonging to subjects of powers at war should be free on board neutral vessels, with the exception of contraband merchandise.

In 1871 the treaty of Washington provided:

A neutral government is bound, first, to use due diligence to prevent the fitting out, arming, or equipping, within its jurisdiction, of any vessel which it has reasonable ground to believe is intended to cruise or carry on war against a power with which it is at peace; and also to use like diligence to prevent departure from its jurisdiction of any vessel intended to cruise or carry on war as above, such vessel having been specially adapted, in whole or in part, within such jurisdiction to warlike use. Secondly, not to permit or suffer either belligerent to make use of its ports or waters as the base of naval operations against the other, or for the purpose of the renewal or augmentation of military supplies or arms, or the recruitment of men. Thirdly, to exercise due diligence in its own ports and waters and, as to all persons within its jurisdiction, to prevent any violation of the foregoing obligations and duties.

In The Hague convention of 1907 the duties of neutral powers in naval warfare were restated, as follows:

The supply in any manner, directly or indirectly, by a neutral power to a belligerent power, of warships, ammunition, or war material of any kind whatever is forbidden.

A neutral power is not bound to prevent the export or transit for the use of either belligerent of arms, ammunitions, or, in general, of anything which could be of use to an army or fleet.

From this brief and hasty review of what neutrality meant prior to Washington's proclamation and the development of neutral rights since the conclusion of the first armed neutrality pact in 1780, you will see that the traffic in arms, munitions, and implements of war by private citizens of neutral nations with the governments of foreign countries engaged in hostilities has never been recognized as legitimate commerce, that the most that can be said for it is that it has not been expressly prohibited or restricted by our Government, and that the only change that the resolution proposes to make is to prohibit private manufacturers from running the risk of having their goods seized and confiscated.

While prohibiting the exportation of arms to a signatory that shall break faith with us is a mild penalty—it is important to recall that, if the outlaw nation's resources for conducting war could be effectively cut off, it would be reduced very quickly to impotence. The experience of the last war demonstrated that even the most powerful, highly industrialized, and well-prepared nations can be successfully curbed under this kind of pressure. In my opinion the threat of an arms embargo by the United States would serve as a great deterrent to pugnacious nations contemplating future wars of aggression. The certain knowledge that an embargo would be established, coupled with the realization that the nation against which it was directed would be under a heavy handicap from the start would unquestionably cool the martial spirit and ardor for war. Under the present policy only the nation that has been strong enough to control the seas has gotten the benefit of American arms and ammunition. Hence we have had the anomalous situation of the United

States aiding the strong against the weak in every instance, regardless of the merits of the conflict.

I have just said, and I repeat, that it is altogether unlikely that the President will issue his proclamation in advance of an exchange of views with other signatory powers. Suppose he follows this course. Suppose, moreover, that the leading industrial nations of the world should decide the question of war guilt and establish a common embargo. Would the treaty have teeth? Will it be an "idle gesture" or "a scrap of paper"? Will there be a penalty provided for its violation? And while you conjure over these thoughts I will ask another question. Is it unreasonable to think that the nations that followed the lead of the United States in signing the treaty would not follow our lead in the method of its enforcement? On the other hand, suppose that all of these expectations should prove to be too altruistic. What would we have lost—anything more than a few dollars? Is the cost too great a sacrifice for such an experiment? I, for one, refuse to say so. It is notorious that our very handling of this business has condemned us abroad as a nation of war profiteers.

Just a few days ago the world was startled by the rumble of war between Bolivia and Paraguay. Drums were beating, flags were flying, and the martial spirit was running high. Through the friendly intercessions of foreign diplomats these two countries were halted on the very brink of battle. They were induced to resort to arbitration for the settlement of their differences. A pact was concluded between them in which both agreed not to resort to force. Following the signing of this agreement two friendly neighbors to our south, upon their own initiative and commendable judgment, refused to permit shipment of arms, munitions, and implements of war either from or through their respective countries to Bolivia and Paraguay. This evidence of national consciousness, in addition to being revolutionary, was inspiring. It shines out to-day as a worthy example for other nations of the world to pattern. It is destined to rank in history with the epochal proclamation of Washington. Every people and every country can profit from the precedent set up by Chile and Argentina.

The resolution which I have introduced does not go as far as Chile and Argentina have voluntarily gone. If it is adopted it will only require the United States to withhold aid in cases where a clear breach of faith has been committed against us and when our own pledged word to other nations is involved.

In conclusion let me say the paramount question in the minds of many people to-day is: What policy should the United States pursue in the event the multilateral treaty is violated? The answer to this question is one of supreme importance. It can, of course, be delayed until an actual breach occurs, but eventually it must be faced. With this question before us I ask you, Is it not better to solve the problem now while our country is at peace instead of waiting until it shall come under the strain of an emergency and the pressure of conflicting war sentiment? We have brought the principle of policy expressed in the pact of Paris to fruition. Therefore let us become the leaders in strengthening it. Let us be the first to propose one of the means by which its covenants will insure real security. Let us silence the cynics and those who taunt us with hypocrisy. It is our highest duty and for our greatest interest to strengthen the treaty. An enduring peace throughout the world is necessary for our greater progress and prosperity. Any armed conflict, however remote from our shores, will necessarily affect us. At the present time our foreign trade extends to the most distant geographical regions. Our foreign loans aggregating a substantial percentage of our national wealth are spread all over the globe. Economic conditions make world peace a necessity for us. Our adherence to the covenants of the treaty places us under a moral obligation to exert our every influence against the outbreak or the continuance of another war.

Since House Joint Resolution 381 was first introduced a number of bills and resolutions seeking the establishment of the same principle and the accomplishment of the same purpose have been received in both branches of Congress. I am glad to note and welcome their appearance. Their introduction evidences the very widespread interest that exists to-day in proposals to strengthen the covenants of the pact of Paris. I am also delighted to see the cordial and very general approval that the press throughout the country has given the various resolutions as they appeared in both branches of Congress. Favorable news comments have done much in developing public opinion supporting the cause of world peace in the United States. While it is probably impossible to obtain a vote on House Joint Resolution 381 during the short time that remains of this session of Congress, I hope that all the resolutions that have appeared will be carefully studied by the Members and that a vote may be had on one or more of them in the next Congress. I especially urge that careful attention be given to the advi-

bility of incorporating in any legislation that shall be adopted a list of the specific articles to fall under the ban which the various resolutions proposed should be placed. The difficulty in deciding what constitutes contraband has frequently given cause for disputes in the past. These should be avoided in the future, and I have endeavored to anticipate them in my resolution. In this respect it differs from many that have since been introduced.

CONSTRUCTION AT MILITARY POSTS

Mr. MORIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table H. R. 13825, a bill to authorize appropriations for construction at military posts, and for other purposes, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to take from the Speaker's table House bill 13825, disagree to the Senate amendments, and ask for a conference. Is there objection?

Mr. LaGUARDIA. Mr. Speaker, reserving the right to object, I objected yesterday for the reason that this bill contains among other appropriations an item of \$400,000 for a new building at Governors Island, notwithstanding the fact that both the distinguished chairman of the Military Affairs Committee and the next ranking member, the gentleman from Michigan [Mr. JAMES], has agreed that nothing should be done on Governors Island which would encumber all of the land there so as to make it impossible to be used later on as a terminal aviation field. If we authorize more building and later the island will be used as a landing field, it will necessitate the destruction of the buildings now there and the loss of millions of dollars. I have conferred with the chairman and also with the gentleman from Michigan [Mr. JAMES], and they are now working out a plan which will draw a dead line so as to prevent the War Department from carrying on its intentional and destructive plans of placing new buildings all over the island in order to defeat the wishes of Congress and the logical and inevitable use of the island as a terminal aviation field.

Now, I want to ask the gentleman from Pennsylvania another question. In this bill and in another bill we have appropriated several hundred thousand dollars for new buildings at West Point. When the West Point buildings bill went through the House I raised the point that we were providing \$800,000 for that new building and asked the acting chairman if that was all that was required. He frankly stated that he would see to it that the amount would be sufficient to complete the building. No sooner had the bill passed the House than the West Point officials commenced to change the plans and the location of the building so as to put it up against a hill which would require more excavation and without any question increase the cost by \$350,000, an amount which will surely be requested in a deficiency bill next year. The War Department refuses to cooperate with us on this point, although the distinguished gentleman from Pennsylvania [Mr. MORIN] and the gentleman from Michigan [Mr. JAMES] agree that the honest thing to do is to keep faith with the House and not permit the shifting of this bill so as to require additional cost. I want to ask the gentleman from Pennsylvania if he has taken that matter up with the War Department and what assurance the War Department has given him that the intent of Congress will not be defeated.

Mr. MORIN. I will say to the gentleman that I have taken it up with the War Department, but they have not given me any assurance.

Mr. LaGUARDIA. What is the gentleman going to do about it?

Mr. MORIN. So far as it lies within my power I am going to try to see that they keep faith with Congress.

Mr. LaGUARDIA. Will the gentleman favor a bill that will fix the location of this building at West Point?

Mr. MORIN. I will, and I think that should be done.

Mr. LaGUARDIA. Mr. Speaker, with that assurance, I withdraw my reservation of objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER. The Chair appoints the following conferees: Messrs. MORIN, JAMES, and McSWAIN.

CARVILLE D. BENSON

Mr. COLE of Maryland. Mr. Speaker, I ask unanimous consent to proceed for one minute.

The SPEAKER. The gentleman from Maryland asks unanimous consent to proceed for one minute. Is there objection?

There was no objection.

Mr. COLE of Maryland. Mr. Speaker, it is my painful duty to announce the death of a former Member of this House on Saturday, February 8, 1929, the Hon. Carville D. Benson. I ask unanimous consent to extend my remarks by inserting a brief statement covering his public career.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. COLE of Maryland. Mr. Speaker, the Hon. Carville D. Benson, who died on February 8 last, was one of Maryland's outstanding citizens, and his life, the respect, and esteem in which he was held by the people of his State is worthy of record thereof being made in this form.

Mr. Benson was born at Halethorpe, Baltimore County, on August 24, 1872, being the eldest son of the late Oregon R. and Carville Brian Benson. During his entire life he lived in Baltimore County, Md. Following his admission to the practice of law in the State of Maryland, he soon gained the position of distinction and was recognized as a capable, earnest trial lawyer. Public life, however, soon attracted his attention, and in 1904, a comparatively young man, he was elected by his county to the house of delegates. This seat he retained from 1904 to 1910; during the season of 1906 he was speaker of the house of delegates. At the session of 1908 and 1910 he was the Democratic floor leader. Recognizing his ability as a legislator, he was elected in 1912 and 1914 to the State senate, and in 1918 was returned to the house of delegates. Upon the death of the late J. Fred C. Talbott, Representative in Congress from the second congressional district of Maryland, Mr. Benson was elected in 1918 to fill out Mr. Talbott's unexpired term, and later to a full 2-year term. He served therefore in the Sixty-fifth and Sixty-sixth Congresses. He was renominated in 1920, but was defeated in the Harding landslide. In 1924 Gov. Albert C. Ritchie appointed him State insurance commissioner, in which office he served until his death. He was a member of numerous lodges and organizations, including the Masonic fraternity; thirty-second degree Scottish Rite Masons; the Beauseant Commandery, Knights Templars; the Boumi Temple, Mystic Shrine; the Tall Cedars of Lebanon; St. John's Chapter, Royal Arch Masons; the Mount Vernon Lodge; the Chesapeake Consistory; the Towson Lodge of Elks; the Loyal Order of Moose, the Jerusalem Council; the Baltimore Athletic Club; the Real Estate Board of Baltimore; and the Southern Maryland Society. Mr. Benson died February 8, 1929, at the age of 56 years and was buried in Cedar Hill Cemetery, Anne Arundel County, on February 11, 1929. He leaves surviving his widow, Mrs. Harriette Miller Benson, and six children, namely: John O. Benson, Carville D. Benson, jr., William Howard Benson, Brian Miller Benson, Miss Harriette Benson, and Mrs. Carville Benson Beecher, and also a brother, Mr. Oregon R. Benson, jr.

From the time of Mr. Benson's first election to public office, in 1904, and prior thereto, he was most active in the cause of the Democratic Party, with which he was affiliated. He soon was recognized as a capable organizer and a forceful speaker. He represented his party in the Democratic National Conventions at St. Louis in 1916, New York in 1924, and Houston in 1928. Taking up his duties in the Sixty-fifth Congress, following as he did the almost unbroken service of his illustrious predecessor over practically a quarter of a century, his task was not an easy one. The second congressional district had become accustomed to service at the hands of Congressman Talbott, which was hard to match. The district, almost as large as any two in Maryland and one of the largest in the country, presented business and individual interests which made it necessary for him to be familiar with almost every important piece of legislation. He performed that task well, and when the test came he was reelected to the Sixty-sixth Congress by a very flattering majority. But for the landslide in 1920, it is safe to predict, Mr. Benson would have ended his life in the House of Representatives or in the United States Senate.

When one's journey through life has been so marked with public service to his people lies down to permanent rest, nothing presents a fairer estimate and a more lasting monument to that service than the expression from those who are familiar with his life, who have been closely associated with him in that public service, and who were his friends. Let me therefore set forth what a few of those possessing that advantage and pleasure had to say following his death.

Gov. Albert C. Ritchie, of Maryland:

I had known Senator Benson for the greater part of my life. Before I took any part in politics I knew him, and my admiration for him then was great. My devotion to him increased as he became successively an earnest public leader and an excellent officer of the State.

His death comes to me as a personal loss. The State, too, loses by his death. His work in the insurance department was marked by progress and by the confidence he elicited from those persons most concerned with insurance in the State.

HON. MILLARD E. TYDINGS, United States Senator, Maryland:

Carville D. Benson was the kind of man who made strong friendships. Analytical, industrious, and energetic, he was always one of the dominant figures wherever men congregated. He was interested in the individual man and in men in the mass. He understood them. He sensed their feelings and strived with might and main to improve the general condition of mankind. His contacts were permanent. His early friends were his last friends. He never traded old friends for new. He was loyal to the core to the cause and to the men he chose to follow.

He had many of the finest qualities of leadership.

He passes after a notable career of public service and leaves for all of us a void and a host of friends behind who will always think of him in the most affectionate manner.

HON. WILLIAM CABELL BRUCE, United States Senator:

I was brought into contact in many ways with Carville D. Benson. I knew him well, and met him frequently both when he was a member of the Maryland House of Delegates and when he was a member of the Maryland Senate. His conspicuous abilities and his great force of will made him one of the most influential of the members of those bodies. Later, after he had been a Member of the House of Representatives, he managed the political campaign which resulted in my election to the United States Senate. This was in 1922. His management was distinguished by the highest degree of energy, tact, and intelligence. For years—indeed, down to the day of his death—he was one of the best known of the public men of Maryland. Faithful in his family relations and friendships, honorable in his personal and business life, a forceful speaker and sagacious legislator and party leader, the death of Carville D. Benson was a grave loss to both social and political life.

HON. J. CHARLES LINTHICUM, Representative from the fourth congressional district of Maryland:

I knew "Carville Benson" (the name by which the Hon. Carville D. Benson was familiarly known to his friends) from his boyhood days. He was of purely Maryland ancestry, his people, both paternal and maternal, having been residents of the State for several centuries. From childhood he was always of a cheerful nature; he saw the bright side of things, and always tried to enjoy the good things of life; he was never happier than when he was surrounded by his family or his host of friends, and usually he was one of the ringleaders for enjoyment and pleasure. He, like all men in public life, had his enemies, but I do not believe he was an enemy to any of them; he couldn't be; it wasn't his nature to be unkind or hold enmity toward anyone.

I think he must have inherited this cheerfulness, happiness, and good will toward all from his most estimable mother, who was always so good, kind, and charitable to all and likewise a very devoted Christian.

I entered the Legislature of Maryland in 1904 with Mr. Benson, and later served with him in Congress. While we did not agree upon everything, he was earnest, energetic, and able, and I can safely say was one of the ablest men of the 1904 General Assembly of Maryland. His delegation represented the wealthiest and most populous county of our State; its needs for legislation far exceeded those of any other county; in fact, was largely in line with those of the great city of Baltimore—our metropolis.

One of the outstanding pieces of legislation which was passed at that session, and to which Mr. Benson and I gave our unstinted support was a bill by Dr. Richard S. Hill, of Prince Georges County, appropriating \$100,000 for the improvement of the Washington Boulevard. This I know to be the first piece of good-roads legislation in Maryland and almost the pioneer legislation for good roads in this country. Other speakers have mentioned Mr. Benson having served several terms in the house of delegates, was elected to the State senate, and there again, if we should evaluate the various legislative bills passed and which Mr. Benson supported, there would stand out as the most progressive, the most worthy, and the most useful piece of legislative the bill which he introduced providing a good-roads system for Maryland under the administration of Gov. Austin L. Crothers. Under this system millions of dollars have been expended in the State of Maryland upon its road system, so that every section of the State has been connected by improved highways second to none in the land. These highways have given to Maryland an impetus such as no other movement could have done.

Mr. Benson was certainly one of the most forceful leaders of our State; he had a good voice, was of commanding appearance, and always agreeable. It is a great loss to our State to have one of its useful citizens such as was Mr. Benson pass away at such an early age. It is, however, a gratification that he lived long enough to see his family grow up, well educated, and self-supporting. Certainly his great ambition in life was the welfare of his wife and his fine family of boys and girls.

HON. STEPHEN W. GAMBRILL, Representative from the fifth congressional district of Maryland:

In the death of Carville D. Benson the State of Maryland has sustained a serious loss. As a lawyer he had a fine analytical mind, which had little sympathy with technical obstructions and artifices so often

employed by lawyers not so richly endowed as he was with a comprehension of the true purposes of his profession. But it was in the broad field of public life that he found his greatest usefulness. To him public service had an appeal and a fascination, and it was in this service that he displayed a knowledge of statecraft and a personal charm which soon made him one of the outstanding figures of his State.

He was elected to Congress from the second congressional district of Maryland to serve in the Sixty-fifth Congress, and was reelected to and served in the Sixty-sixth Congress.

He performed his duties as a lawmaker with great credit and distinction. He came to Congress well versed in all the intricacies of parliamentary procedure, gained as that knowledge was through conspicuous and notable service in the Maryland House of Delegates from 1904 to 1910, being speaker of the house of delegates in 1906. As a reward for services and work well performed, his constituents sent him to the Maryland State Senate for the sessions of 1912 and 1914, and it was with this knowledge to guide him that he took up his congressional duties.

He was a man of great human qualities, free and approachable, and in all his dealings with others, whether in business or politics, he was at once frank, straightforward, and devoid of dissimulation.

His death is a distinct loss to his State and his wise counsel will be missed in the councils of his political party, for which he had such a deep attachment.

HON. FREDERICK N. ZIHLMAN, Representative of the sixth congressional district of Maryland:

I learned of the death of Hon. Carville Benson, formerly a Representative from the second congressional district of Maryland, with profound sorrow.

I knew Mr. Benson when he was a Member of the House and served with him in the State senate, and also during his two terms as Member of Congress.

He was a man of unusual courage and was an experienced and able legislator. He was a devoted and loyal friend, and a consistent worker for the advancement of the interest of the people of Baltimore County and of the State.

Maryland loses a conscientious public servant, who was intensely loyal to his native State and its traditions.

HON. VINCENT L. PALMISANO, Representative of the third congressional district of Maryland:

While I did not have the pleasure and honor of serving in Congress with the Hon. Carville D. Benson, I was associated with him at Annapolis at a time when he represented Baltimore County in the State senate, and I represented Baltimore City in the lower house. Recalling evidences of his ability at that time, and knowing independent of that the character of legislator he was, it is easy for me to say that the State of Maryland has seldom been represented in the State legislature or National Congress by a more able, astute, and capable statesman. By his straightforward manner in dealing with the people he became a leader and was admired by all who knew him.

Mr. Benson was more closely identified with Baltimore County than any other subdivision of his State, and in that county he had a host of friends and admirers and the respect of those practicing the profession of the law and of the judges who presided over the courts. Just as we attempt in life to rebuild the beauties of nature as they fade from our view and await new seasons, just as we by example try to emulate the life of those who have left a record of worth-while service, so will the people of Maryland keep ever before them much of the splendid life of Carville D. Benson. Let us be consoled with the language of the poet:

The leaves die and fade away;

They only wait through wintry hours the coming of the May.

The stars go down to rise upon some fairer shore,

And bright in Heaven's jeweled crown they shine forevermore.

An angel form walks o'er the earth with silent tread;

It bears our best-loved things away and then we call them dead.

RECESS

Mr. TILSON. Mr. Speaker, it is my intention to move that the House take a recess, subject to the call of the Speaker, in order that the electoral vote may be counted. After that function is over, Calendar Wednesday business will be called, the Committee on Territories being the committee now on call.

In accordance with House Resolution 294, Mr. Speaker, I move that the House now take a recess, subject to the call of the Speaker.

The motion was agreed to.

Accordingly the House stood in recess, subject to the call of the Speaker.

AFTER RECESS

At 12 o'clock and 58 minutes p. m. the House was called to order by the Speaker.

COUNTING THE ELECTORAL VOTE

At 1 o'clock p. m. the Doorkeeper, Mr. Bert W. Kennedy, announced the Vice President of the United States and the Senate of the United States.

The Senate entered the Hall, preceded by their Sergeant at Arms and headed by the Vice President of the United States and the Secretary of the Senate, the Members and officers of the House rising to receive them.

The Vice President took his seat as the presiding officer of the joint convention of the two Houses, the Speaker of the House occupying the chair on his left.

The VICE PRESIDENT. Mr. Speaker and gentlemen of the Congress, the Senate and House of Representatives, pursuant to the requirements of the Constitution and laws of the United States have met in joint session for the purpose of opening the certificates and ascertaining and counting the votes of the electors of the several States for President and Vice President. Under well-settled precedents the reading of the formal portion of the certificates will be dispensed with unless demand therefor shall be made. After it is ascertained that the certificates are authentic and correct in form, the tellers will count and make a list of the votes cast by the electors of the several States.

In accordance with precedents, the Chair suggests that there should be no manifestation of approval or disapproval on the part of the galleries or on the part of the members of the joint session as the counting proceeds.

The tellers heretofore appointed will take their places at the desk.

The tellers, Mr. SHORTRIDGE and Mr. KING, on the part of the Senate, and Mr. GIFFORD and Mr. JEFFERS, on the part of the House, took their places at the desk.

The VICE PRESIDENT. The Chair hands to the tellers the certificates of the electors for President and Vice President of the State of Alabama, and they will count and make a list of the votes cast by that State.

Mr. JEFFERS (one of the tellers). Mr. President, the certificate of the electoral vote of the State of Alabama seems to be regular in form and authentic, and it appears therefrom that Alfred E. Smith, of the State of New York, received 12 votes for President, and Joseph T. Robinson, of the State of Arkansas, received 12 votes for Vice President.

The VICE PRESIDENT. If there be no objection, the Chair will omit in the further procedure the formal statement just made, and will open in alphabetical order the certificates showing the votes of the electors in each State, and the tellers will read, count, and announce the result in each State as was done with respect to the State of Alabama.

There was no objection.

The tellers then proceeded to read, count, and announce, as was done in the case of Alabama, the electoral votes of the several States in an alphabetical order.

The VICE PRESIDENT. Gentlemen of the Congress, the certificates of all the States have now been opened and read, and the tellers will make final ascertainment of the result and deliver the same to the Vice President.

The tellers delivered to the Vice President the following statement of the result:

The undersigned, SAMUEL M. SHORTRIDGE and WILLIAM H. KING, tellers on the part of the Senate, and CHARLES L. GIFFORD and LAMAR JEFFERS, tellers on the part of the House of Representatives, report the following as the result of the ascertainment and counting of the electoral vote for President and Vice President of the United States for the term beginning on the 4th day of March, 1929:

Electoral votes of each State	States	For President		For Vice President	
		Herbert Hoover, of California	Alfred E. Smith, of New York	Charles Curtis, of Kansas	Joseph T. Robinson, of Arkansas
12	Alabama.....		12		12
3	Arizona.....	3		3	
9	Arkansas.....		9		9
13	California.....	13		13	
6	Colorado.....	6		6	
7	Connecticut.....	7		7	
3	Delaware.....	3		3	
6	Florida.....	6		6	
14	Georgia.....		14		14
4	Idaho.....	4		4	
29	Illinois.....	29		29	
15	Indiana.....	15		15	
13	Iowa.....	13		13	
10	Kansas.....	10		10	
13	Kentucky.....	13		13	
10	Louisiana.....		10		10
6	Maine.....		6		

Electoral votes of each State	States	For President		For Vice President	
		Herbert Hoover, of California	Alfred E. Smith, of New York	Charles Curtis, of Kansas	Joseph T. Robinson, of Arkansas
8	Maryland.....	8		8	
18	Massachusetts.....		18		18
15	Michigan.....	15		15	
12	Minnesota.....	12		12	
10	Mississippi.....		10		10
18	Missouri.....	18		18	
4	Montana.....	4		4	
8	Nebraska.....	8		8	
3	Nevada.....	3		3	
4	New Hampshire.....	4		4	
14	New Jersey.....	14		14	
3	New Mexico.....	3		3	
45	New York.....	45		45	
12	North Carolina.....	12		12	
5	North Dakota.....	5		5	
24	Ohio.....	24		24	
10	Oklahoma.....	10		10	
5	Oregon.....	5		5	
38	Pennsylvania.....	38		38	
5	Rhode Island.....		5		5
9	South Carolina.....		9		9
5	South Dakota.....	5		5	
12	Tennessee.....	12		12	
20	Texas.....	20		20	
4	Utah.....	4		4	
4	Vermont.....	4		4	
12	Virginia.....	12		12	
7	Washington.....	7		7	
8	West Virginia.....	8		8	
13	Wisconsin.....	13		13	
3	Wyoming.....	3		3	
531		444	87	444	87

SAMUEL M. SHORTRIDGE,
WILLIAM H. KING,
Tellers on the part of the Senate.

CHARLES L. GIFFORD,
LAMAR JEFFERS,
Tellers on the part of the House of Representatives.

The state of the vote for President of the United States, as delivered to the President of the Senate, is as follows:

The whole number of the electors appointed to vote for President of the United States is 531, of which a majority is 266.

Herbert Hoover, of the State of California, has received for President of the United States 444 votes; Alfred E. Smith, of the State of New York, has received 87 votes.

The state of the vote for Vice President of the United States, as delivered to the President of the Senate, is as follows:

The whole number of the electors appointed to vote for Vice President of the United States is 531, of which a majority is 266.

Charles Curtis, of the State of Kansas, has received for Vice President of the United States 444 votes; Joseph T. Robinson, of the State of Arkansas, has received 87 votes.

This announcement of the state of the vote by the President of the Senate shall be deemed a sufficient declaration of the persons elected President and Vice President of the United States, each for the term beginning on the 4th day of March, 1929, and shall be entered, together with a list of the votes, on the Journals of the Senate and House of Representatives.

The VICE PRESIDENT. Gentlemen of the joint session, the purpose of this meeting having been accomplished, the joint session is now dissolved, and the Senators will return to the Senate Chamber.

CALENDAR WEDNESDAY

The SPEAKER. This is Calendar Wednesday, and the Clerk will call the committees.

AUTHORIZING CERTAIN PAYMENTS BY THE TREASURER OF ALASKA

The Clerk called the committees; and when the Committee on the Territories was called—

Mr. DOWELL. Mr. Speaker, I call up the bill S. 4257, on the House Calendar.

The SPEAKER. The gentleman from Iowa calls up the bill S. 4257, which the Clerk will report.

The Clerk read as follows:

An act (S. 4257) to authorize the payment of certain salaries or compensation to Federal officials and employees by the treasurer of the Territory of Alaska

Be it enacted, etc., That any salaries to United States officials or employees of the United States Government in Alaska appropriated by the Alaska Territorial Legislature, session of 1927, may be paid to such United States officials or employees of the United States by the treas-

urer of Alaska up to and including the date of March 31, 1929, any Federal law to the contrary notwithstanding: *Provided*, That subsequent to March 31, 1929, all appropriations by the Alaska Territorial Legislature shall be in conformity with the provisions of the act of Congress approved August 24, 1912, entitled "An act to create a legislative assembly in the Territory of Alaska, to confer legislative powers thereon, and for other purposes," and amendments thereto.

Mr. DOWELL. Mr. Speaker, I yield 15 minutes to the gentleman from Alaska [Mr. SUTHERLAND].

Mr. SUTHERLAND. Mr. Speaker, this bill is a sequence to a bill that was defeated on the floor of the House on the 5th of March last. Up in the Territory of Alaska an unusual situation has arisen by reason of the fact that the Territorial legislature has imposed many duties on Federal officials illegally, in violation of the provisions of the enabling act of the Territory. This has gone on for some years, although the legislature has been warned repeatedly that they should desist in the practice. Finally a suit was brought in the court at Juneau to enjoin the Territorial treasurer from paying these salaries, in addition to the regular salaries from the Government.

A bill was introduced last winter for the relief, not of the Territory but for the relief of the Federal officials. That bill provided for the repeal of a portion of the enabling act which would fix the situation whereby Federal officials might administer the Territorial administrative government permanently. They proposed to repeal all restrictions placed on Federal officials. That bill was defeated on the floor of the House; Members may recall that it was up under suspension of the rules and failed by a vote of 130 to 12.

The injunction order extended only to the secretary of the Territory, who was receiving \$2,000 from the Territory in addition to \$3,600 from the Federal Government.

He continued to perform the services without receiving the salary for a period of almost two years. The people felt that he should continue, for if he gave up the work entirely a chaotic condition would prevail in the administration of Territorial affairs.

So he kept on performing the services for nearly two years. This bill would permit the treasurer of the Territory to pay him the salary which he has earned honestly.

The bill also provides that the practice of employing Federal officials to do the work of the Territory officials shall cease. The man undoubtedly is entitled to the money. It was not his fault, but was the fault of the Territorial legislature, as is shown in the report of the gentleman from Iowa.

Mr. LA GUARDIA. Will the gentleman yield?

Mr. SUTHERLAND. I yield.

Mr. LA GUARDIA. The gentleman knows that a similar bill was before the House, and some of the friends of Alaska—and Alaska has a good many friends, sincere friends, on the floor of the House—and we went to the rescue of Alaska, and under a suspension of the rules we defeated that bill. Now the gentleman comes in here and seeks to destroy the action of the House on that bill by permitting this to pass. When this man took office he knew that he could not draw two salaries, and the gentleman is establishing a dangerous precedent for his Territory.

Mr. SUTHERLAND. I want to express my thanks to the gentleman from New York in helping us defeat the vicious measure of last March, for it was a vicious measure. The provisions of this bill are such that the Territorial legislature will desist, and if they should continue they can not ask relief from the Congress.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. SUTHERLAND. I yield.

Mr. TAYLOR of Tennessee. Are there other Federal officials drawing salaries from the Territory?

Mr. SUTHERLAND. Yes.

Mr. TAYLOR of Tennessee. What class?

Mr. SUTHERLAND. Secretary to the governor of the Territory. I can not enumerate all who are receiving a salary, but I know the secretary of the governor of the Territory is receiving additional salary, and I am assured by lawyers in the Territory that it is absolutely illegal and ought to be stopped.

Mr. TAYLOR of Tennessee. This does not apply to the judiciary, the judges, or the district attorney?

Mr. SUTHERLAND. No; presumably they would not be permitted to receive it. Here is the situation. The Federal officials in Alaska are a very powerful influence politically, and they have been able to dominate the legislature. They are aided in that by the press of the capital city of Juneau. The press seems to be under the domination of the Federal officials, and when any measure of a progressive nature, any measure along the lines of establishing a better American ideal of government, comes before the legislature the press of Alaska is opposed to it. Perhaps I should qualify that by saying the

press of the capital city. These men coming down to the capital are naturally afraid of the press. I think there is a general fear of the influence of the press among statesmen of greater standing than those of our local legislators in Alaska. That is the whole trouble. The press and the Federal officials combined to place the control of Territorial affairs in the hands of the Federal officials, and that control is lodged there now.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. SUTHERLAND. Yes.

Mr. RANKIN. My experience with the Territory of Alaska is that those people up there have been clamoring for a good many years for a greater measure of self-government—not only the people of the Territory, but the legislature and even the press itself. How do they expect the American Congress and the American people to grant them a greater measure of self-government than they have now, when they attempt to surrender what they already have as they are doing, it seems to me, to a large extent by asking for the passage of such legislation as this?

Mr. SUTHERLAND. I have to admit, although it is somewhat humiliating, that the gentleman from Mississippi raises a good point; but I say that it is not the will of the people of the Territory of Alaska that these conditions exist. It is simply weakness upon the part of our legislators in contact with the strong influence of Federal officials and the press of the capital city.

Mr. LA GUARDIA. If by the passage of this Senate bill now before the House we established this precedent, what protection will the people have if some of these Federal job holders manage to be elected to the Territorial legislature and then come here and say they were duly elected and served as legislators and want an enabling act so that they could draw two salaries? Is not the gentleman risking turning over his whole local government to these job holders he complains of?

Mr. SUTHERLAND. I hope not. I think I can assure the gentleman that if this practice continues after next March, when the legislature sits, the whole matter will be taken to the courts, and that there will be no relief for these fellows if they accept these salaries and go through with it.

Mr. LA GUARDIA. Would the gentleman be very unhappy if we were to defeat this bill?

Mr. SUTHERLAND. I feel that I owe it to this man who has given his services and who has not received a cent, who is not responsible for the situation, to do what I can to get the relief for him, and I think that the instruction in the bill to the legislature ought to be sufficient.

Mr. DOWELL. And does not this bill legislate that we do not approve of that practice and will not continue it?

Mr. SUTHERLAND. It expresses the disapproval of the Congress.

Mr. LA GUARDIA. Eliminating the personal equation, the personal relation between the Delegate from Alaska and the particular individual involved in this bill, the gentleman will state that he is opposed to the practice.

Mr. SUTHERLAND. The practice of relief in cases of this kind?

Mr. LA GUARDIA. Yes.

Mr. SUTHERLAND. Yes; I think the practice is wrong, when this thing is done deliberately. I have to admit that the practice of granting relief by Congress is wrong; but, at the same time, I reassert that this man was not responsible for it, that it was the legislature.

Mr. LA GUARDIA. The gentleman is acting out of the whole-someness and the bigness of his heart rather than being actuated by the usual acute intellect that he displays in this House.

Mr. SUTHERLAND. I thank the gentleman.

Mr. RANKIN. Mr. Speaker, will the gentleman yield?

Mr. SUTHERLAND. Yes.

Mr. RANKIN. If this bill passes, will it not be establishing a precedent for the passage of legislation of this kind in the future?

Mr. SUTHERLAND. I do not think so. I think the remarks of the gentleman from New York [Mr. LA GUARDIA] and the gentleman from Mississippi [Mr. RANKIN] this morning on this measure will have an influence to prevent a continuation of this thing in the future. And I believe the warning contained in the bill ought to be sufficient for that.

Mr. RANKIN. The gentleman from Alaska knows, and I think he will admit, that the people of the Territory of Alaska have not had any better friend in this House than I am. I have been there and I have studied their conditions and I have done everything I could to try to give them a greater measure of control over their local affairs, but if they are going to indorse legislation of this kind and attempt to turn the Territory back to the United States, I would like to know what encouragement

it will be to those of us who have been trying to help them to continue to fight their battles in the future.

Mr. SUTHERLAND. The point is very well taken. At this time I want to express my appreciation of the help of the gentleman from Mississippi [Mr. RANKIN], which he has always given me in the Committee on Territories in any measure that seemed beneficial to the Territory of Alaska, and that would extend local self-government further, and I say the same of the gentleman from New York [Mr. LAGUARDIA]. Ever since he has been here he has always supported every progressive measure for the Territory that ever came up on the floor of the House. I do not know that I want to be in the position of apologizing to him for the passage of a bill of this kind. Nevertheless I appreciate the way he feels about it. He rendered yeoman service in the defeat of that other vicious bill, and now he feels that we are attempting to accomplish almost the same thing in this measure. I do not take that view of it.

Mr. ARENTZ. How many departments and bureaus, and so forth, are operating in Alaska in the government of that Territory at the present time?

Mr. SUTHERLAND. In the administration of Territorial affairs?

Mr. ARENTZ. Yes.

Mr. SUTHERLAND. It is pretty difficult for me to say.

Mr. ARENTZ. How many activities in administration are being done by the people of Alaska themselves?

Mr. SUTHERLAND. Virtually none.

Mr. ARENTZ. Now, it seems to me that pride alone, pride of men who have been there since the gold rush of 1898, would be a sufficient motive to cause them to run their own country and to do everything they possibly could to eliminate the various bureaus and administrations that are running every solitary affair that is run in Alaska.

Mr. SUTHERLAND. The gentleman is right. I want to say for the men who were in the gold rush of 1898, they are the men who are opposed to this, but with the advent of the bureaus have come a great many people of the States who are new to the Territory and are unacquainted, and they are in many cases employed by the bureaus, while others come under the bureau influence, and many are guided somewhat by a reactionary press that is committed to the policies of the bureaus and the exploiting interests. I do not want Members of this House to understand that the majority of the people of the Territory are in favor of present conditions; in fact, a large majority would be just the other way.

Mr. IRWIN. I understand the gentleman is against this kind of legislation, but he does honestly believe this man has earned it and ought to be paid.

Mr. SUTHERLAND. Yes, sir.

Mr. IRWIN. And the gentleman has given this matter considerable consideration, and the gentleman desires this to be a warning to the officials of the Territory?

Mr. SUTHERLAND. Yes, sir.

The SPEAKER pro tempore. The time of the gentleman has expired.

Mr. DOWELL. I yield the gentleman five additional minutes.

Mr. SUTHERLAND. I hope this will be a warning to the officials of the bureaus of the Territory, that if they expect to get more money out of the Territorial treasury illegally they will get no relief whatsoever if they are enjoined in court, and I am sure they will be.

Mr. MORTON D. HULL. Will the gentleman yield for a question?

Mr. SUTHERLAND. I will.

Mr. MORTON D. HULL. These Federal officials who are getting salaries from the Territorial Legislature are performing some regular duties, are they not, for the Territory?

Mr. SUTHERLAND. Yes.

Mr. MORTON D. HULL. They are not engaged in Federal duties?

Mr. SUTHERLAND. Yes, sir; they have rendered service for the money received.

Mr. MORTON D. HULL. That is the question; I do not know what the duties are, but why can not they be permitted to perform both duties? If they are doing work legally, why should they not be paid for it?

Mr. SUTHERLAND. Of course, they are doing it illegally.

Mr. SCHAFER. Will the gentleman yield?

Mr. SUTHERLAND. I will.

Mr. SCHAFER. Could not that be done by employing people to do this work who are not employed by the Federal Government?

Mr. SUTHERLAND. Certainly; but, of course, the Federal officials prefer to take the money and do the work.

Mr. SCHAFER. Is the gentleman in favor of this bill?

Mr. SUTHERLAND. Yes; I am in favor of it.

Mr. SCHAFER. I will say the gentleman has always been advocating before this Congress that more power should be given to the Territorial government in Alaska, but what if Congress should give more power, the facts the gentleman has brought out seem to indicate they are disposed to give over to Federal officials the powers they have already received from Congress?

Mr. LAGUARDIA. This gives them \$2,000 more power.

Mr. SUTHERLAND. I can not make a reply to the statement of the gentleman from Wisconsin under the circumstances. He is absolutely right in what he has just said.

Mr. PERKINS. I am almost persuaded to vote for anything for which the gentleman is in favor, but would not the better way to discourage such practices be by defeating this bill?

Mr. SUTHERLAND. No; I do not think so. I think the local legislature should be given a chance to redeem itself without depriving the secretary of the \$4,000 he has honestly earned.

Mr. DOWELL. As a matter of fact, this man was employed under the provisions of the Legislature of Alaska, and he performed the services, and, except for the fact that it was learned later that he was not legally entitled, he would have been paid. Yet it is a fact that he earned the money and should receive it.

Mr. SCHAFER. Did he receive his pay from the Federal Government covering the same period of time for which he is asking pay under the provisions of this bill?

Mr. SUTHERLAND. Yes. He received \$3,600 a year from the Federal Government. Formerly he received more than that, but when the Secretary of the Interior learned that he received \$2,000 a year from the Territory his Federal salary was cut to \$3,600.

Mr. SCHAFER. Was all his time occupied in the working hours for the Federal Government?

Mr. SUTHERLAND. During the same day, possibly at different hours, these duties were performed.

Mr. SCHAFER. Is it not a fact that if we pass this bill we will send notice out to the Federal officials in Alaska that they shall continue in the future as in the past and usurp the whole functions of the Alaskan Territorial government?

Mr. SUTHERLAND. A proviso has been inserted in the bill to this effect:

Provided, That subsequent to March 31, 1929, all appropriations by the Alaska Territorial Legislature shall be in conformity with the provisions of the act approved August 24, 1912, which is the enabling act for Alaska.

Mr. PERKINS. Mr. Speaker, will the gentleman yield?

Mr. SUTHERLAND. Yes.

Mr. PERKINS. Why is that necessary? This is a warning. Let me suggest that the best way to warn these people up there is not to vote the money.

Mr. SUTHERLAND. I think they will be warned.

Mr. LANKFORD. Mr. Speaker, I understood I was to be yielded 10 minutes by the gentleman from Iowa. If permitted, I yield five minutes to the gentleman from Mississippi [Mr. LOWREY].

The SPEAKER pro tempore. Under the rules the gentleman is not permitted to yield.

Mr. LANKFORD. Will the gentleman give me 10 minutes?

Mr. DOWELL. Mr. Speaker, the gentleman from Georgia is the ranking member of the committee, and it was my purpose to give him 10 minutes to use as he desires, if that is proper.

The SPEAKER pro tempore. Is there objection? Without objection, the gentleman from Iowa [Mr. DOWELL] yields 10 minutes to the gentleman from Georgia [Mr. LANKFORD] to be in turn yielded by him as he may desire.

There was no objection.

Mr. LANKFORD. I yield five minutes to the gentleman from Mississippi [Mr. LOWREY].

The SPEAKER pro tempore. The gentleman from Mississippi is recognized for five minutes.

Mr. LOWREY. Mr. Speaker, I ask unanimous consent to speak for five minutes, not on the bill.

The SPEAKER pro tempore. Is there objection to the gentleman's request?

There was no objection.

Mr. SUTHERLAND. Mr. Speaker, will the gentleman yield to me for a moment in order that I may ask unanimous consent to extend my remarks by printing a clipping from an Alaskan paper?

Mr. LOWREY. Certainly.

The SPEAKER pro tempore. The gentleman from Alaska asks unanimous consent to extend his remarks by printing a clipping from an Alaskan paper. Is there objection?

There was no objection.

Following is the clipping referred to:

[From the Alaskan of January 18, 1929]

That Juneau, the capital of the Territory, is the hotbed of the bureaucrats in Alaska there is none to deny. The real Alaskans residing there have been so long under the iron heel of Federal officials who swarm around there that the Alaskans not imported have become servile condoners of all the conspiracies concocted by the bureaucrats to rob the Territory.

Whenever the imported stock ask for a little additional salary to be paid by the Territory in violation of law, these Juneau people smile serenely and say "Thank you."

They have peddled out Territorial offices to legislators for a surrender of our personal rights as American citizens until there is nothing but the shell left to the organic act, our Territorial constitution. So familiar have voters of the first division become with this deplorable condition of political affairs in the capital city a resident of Juneau, nominated for a public office, is heavily handicapped as a candidate, for the people of the first division well know that the Alaskans residing in Juneau long ago became servile sycophants of the imported Federal bureaucrats and offer no resistance to their conspiracies to bleed the Territorial treasury and domineer over our legislative officials.

Mr. LOWREY. Mr. Speaker, we have just finished counting the presidential vote. As some of us expected, the Republicans have counted Al Smith out. The Democrats, you know, as far back as I can remember, have been charged with being experts in counting the vote. They used to say that we believed in a fair ballot and a free count. [Laughter.] It is also asserted that some people said we were in favor of a free ballot and a free count. We at least admit that Democrats have always been ardent advocates of full and absolute freedom.

After the vote was finished to-day I gave a good Republican friend of mine a little lesson in American history, which was appreciated, and then it was suggested that I give this lesson to the House. Away back yonder in the days of better public morals and better public ideals, Grover Cleveland was elected President of the United States in a Democratic landslide, and the Memphis Commercial Appeal came out the following day with these headlines:

Only hell and Vermont left to the G. O. P.

[Laughter.]

But four years later there was as great a landslide to the Republicans, and the Democrats were completely snowed under, and the same Memphis Commercial Appeal came out with similar headlines—

Heaven and Mississippi still stand by the Democracy.

[Laughter.]

I simply wanted to rise and call this House to witness that history still repeats itself, and heaven and Mississippi still stand for the Democracy. [Laughter.]

A friend over here inquires in an undertone, "How about Massachusetts?" When so unexpected a thing happens as that Mississippi and Massachusetts get together, it is such a good combination that it ought not to be interfered with. That is something that ought to be allowed to grow.

Mr. SCHAFER. And Mississippi still stands by the eighteenth amendment and the Volstead Act?

Mr. LOWREY. Yes, sir. And will continue to do so regardless of all political parties and all political candidates.

Mr. RANKIN. Mr. Speaker, may I have three minutes?

Mr. DOWELL. I yield to the gentleman five minutes.

The SPEAKER. The gentleman from Mississippi is recognized for five minutes.

Mr. RANKIN. Mr. Speaker, I was somewhat surprised to hear the ranking Democrat on the committee say he will vote for this bill. I am very fond of the gentleman from Alaska [Mr. SUTHERLAND]. He ably represents his people here at all times. But I can not conscientiously support this legislation.

You know we start by setting precedents here which ultimately develop into policies which are detrimental to the welfare of American institutions, and I am afraid that if I should sanction the passage of this bill, even impliedly by sitting silently by, it would rise up to smite me in the future when I shall most assuredly attempt to prevent a repetition of the passage of such legislation as this.

I have never seen in all my career finer men or finer women or more noble citizenship that I find in the Territory, strong in intelligence, virile, forceful people. I should like to see them building up there a community spirit, a local spirit, if you please, a spirit of patriotic devotion to Alaska, assuming charge of and responsibility for the conduct of their public affairs.

That has been my attitude ever since I have been a member of the Committee on Territories, and I do not feel now like receding from that position merely to pass one bill which is contrary to my ideas touching legislation of this kind. My

objections to it have been brought out in this debate, and I sincerely trust that this legislation will not pass.

Mr. DOWELL. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. LAGUARDIA].

Mr. LAGUARDIA. Mr. Speaker, I agree with my colleague from Mississippi [Mr. RANKIN] and I join with him in protesting against this measure. I shall vote against it.

Every Member of this House has the utmost confidence in the judgment of the Delegate from Alaska. He not only represents the views and the ideals of the people of his Territory but in his charming and attractive personality typifies the rugged, honest manhood which settled that great country. [Applause.] I appreciate the predicament and the embarrassment of our colleague from Alaska. He took this floor some time ago, and in one of the ablest appeals ever made in the House of Representatives defeated, decisively and overwhelmingly, under suspension of the rules, a bill which embodied the very principle contained in the bill now before the House for consideration. But, gentlemen, we must go to his rescue. He is in exactly the same position as many of us are when through personal appeals, friendship, and contact, we introduce a private bill that we are absolutely ashamed of; we bring it on the floor of the House and make a feeble attempt to support it, knowing it should be defeated and hoping for a miracle to happen. Of course, gentlemen, you can not eliminate entirely the personal equation. The gentleman from Alaska naturally knows the secretary of the Territory. The secretary of the Territory says to him, "Now, look here; you defeated the bill which would have permitted these other fellows to get their extra pay; but I will tell you what I want you to do for me; introduce a bill so that I will get mine." Why, gentlemen, what are we doing here? After having stated by an overwhelming vote that we would not permit the practice of having Federal job holders to receive pay from the Territory, thereby serving in a dual capacity and receive two pays, we are now asked to pass upon a bill which will give this privilege to one individual who has been selected and singled out. Why, the very bill itself is stultifying. After providing for the payment of the dual salary for this man, we say, "Oh, this bill is only good up to March 31, 1929, and if you come back hereafter we are not going to permit it any more."

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. TAYLOR of Tennessee. Does not the gentleman think that if the Secretary of the Interior took into consideration the fact, when he fixed this man's salary, that he was being paid this additional salary that would add some merit to this proposition?

Mr. LAGUARDIA. But it was unlawful.

Mr. TAYLOR of Tennessee. The Delegate from Alaska stated that the Secretary of the Interior, in fixing the salary, had taken this into consideration.

Mr. LAGUARDIA. But any such consideration is unlawful, just as if we were to fix the salary of a Federal judge or United States marshal at so much and then say "We will fix the salary of the United States marshal in the next county at so much because as sheriff of that county he receives an additional salary." We can not take an unlawful proposition into consideration.

Mr. SCHAFER. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. SCHAFER. In taking the last census for Alaska, Federal employees were placed upon two pay rolls for the same period of time and this Congress passed a bill approving the disbursement for their salaries. I think the last paragraph of this bill will serve notice on the officials that they can not expect any such relief from Congress in the future.

Mr. LAGUARDIA. If that is the purpose of the bill it is something new in legislation, the fact that we have to serve notice of an existing law, because all this bill does is to reiterate existing law. I have never heard of anything in legislation which served notice on officials of existing law and that such a law is on the statute books.

Mr. UNDERHILL. Will the gentleman yield?

Mr. LAGUARDIA. Yes.

Mr. UNDERHILL. Does this bill provide for anything worse than the usual practice of going ahead and doing something that is wrong and then coming to Congress for the validation of something that has already been done.

Mr. LAGUARDIA. That is what we are doing here.

Mr. UNDERHILL. That is what they do in the matter of presenting claims.

Mr. LAGUARDIA. And that is what we are doing here and I say it is wrong. This bill ought not to pass.

The SPEAKER pro tempore. The time of the gentleman from New York has expired.

Mr. DOWELL. Mr. Speaker, I yield myself five minutes.

Mr. PERKINS. Will the gentleman yield for a question?

Mr. DOWELL. Yes.

Mr. PERKINS. Under the present law two salaries can not be paid to one individual performing two functions?

Mr. DOWELL. The court has so held. The Legislature of Alaska, however, when they made this arrangement of consolidating the Federal office with the Territorial office, did not have that information. The court has made that determination since that time.

Mr. PERKINS. What effect has the bill other than to say that hereafter they will have to obey the law which was enacted August 24, 1912?

Mr. DOWELL. The exception which I will try to explain.

The gentleman from California [Mr. CURRY], who is chairman of this committee and unfortunately is quite ill and unable to be present, has asked me to take up this bill in his absence and present it to the House, and I am presenting it on his behalf because he is interested in its passage and has felt that a great injustice will be done an employee unless the bill is passed.

Now, here is the situation as I understand it: The Territory of Alaska, by its legislature, believing it had the right to do it, employed some of the Government employees there and paid them a salary out of the funds of the Territory. That was done in this case, and the court held that under the law they had no right to do it. This man was employed by the Government, and his salary out of the Public Treasury was reduced because the Territory of Alaska was to pay him \$2,000 per year. He was only receiving \$3,600 from the Government, because that office had been consolidated with the Territorial office.

The court has determined that the Territory of Alaska had no right to consolidate these offices, and this man has served his term, rendered the service, and this bill is for the purpose of paying this man.

Mr. UNDERHILL. Will the gentleman yield?

Mr. DOWELL. Yes.

Mr. UNDERHILL. This has been done repeatedly, and at almost every Private Calendar reading several cases of a similar character are passed by the House without an objection on the part of anyone.

Mr. LAGUARDIA. If the gentleman from Massachusetts will permit, not of similar character.

Mr. UNDERHILL. Well, why not?

Mr. LAGUARDIA. I will say that many bills of as little merit pass the House, but not of similar character.

Mr. UNDERHILL. They are to pay employees of the Government who are drawing one salary for services rendered in another capacity, where they have rendered the service, delivered the goods, and the Government is morally bound to pay them for the services rendered.

Mr. LAGUARDIA. Yes; but they do not involve the fundamental principle of receiving two salaries from two different sources, the Territorial government and the Federal Government.

Mr. DOWELL. As a matter of fact, the Federal Government received the benefit of this, and this bill is merely to permit the Territory of Alaska to pay what they agreed to pay. As I understand, this man's salary was reduced as a Federal employee.

Mr. CLAGUE. Will the gentleman yield?

Mr. DOWELL. Yes.

Mr. CLAGUE. What was he receiving before his salary was reduced?

Mr. DOWELL. I do not know the amount.

Mr. RANKIN. Some one ought to be able to answer that question.

Mr. SUTHERLAND. I am not sure of the exact amount, but the salary of the secretary of the Territory of Hawaii is \$5,400. Under the system our secretary has been working in Alaska he was receiving \$5,600, \$200 more a year, from both the Federal Government and the Territorial government. I assume when this salary from the Territory is shut off the Secretary of the Interior will have to raise his salary to \$5,400, or somewhere near that, to correspond with the salary of the secretary of Hawaii.

The SPEAKER pro tempore. The gentleman from Iowa has used five minutes.

Mr. DOWELL. Mr. Speaker, I will yield myself more time.

Mr. GIBSON. Will the gentleman yield?

Mr. DOWELL. Yes.

Mr. GIBSON. These services were performed when it was legal to pay the secretary the \$2,000 out of the Territorial fund?

Mr. DOWELL. It was supposed to be legal and was legal until the court determined that they had no right to do it.

Mr. GIBSON. But the services were performed when it was legal; that is, before the court had determined that.

Mr. DOWELL. Yes.

Mr. GIBSON. So there is a moral obligation, to say the least, resting on the Government to pay this amount.

Mr. DOWELL. I think so.

Mr. PERKINS. Will the gentleman yield?

Mr. DOWELL. Yes.

Mr. PERKINS. Is not the effect of this proposed legislation to repeal the decision of the court in this particular case?

Mr. DOWELL. Well, you may construe it in that way.

Mr. PERKINS. In other words, the court determined that under the act of August 24, 1912, that they had no right to employ this man.

Mr. DOWELL. Yes.

Mr. PERKINS. And now we are saying, "You may pay him but hereafter you will not be able to do it."

Mr. UNDERHILL. Will the gentleman yield?

Mr. DOWELL. Yes.

Mr. UNDERHILL. But the court decides upon the law and not upon the equities of the case.

Mr. DOWELL. And while he believed he was being legally employed—

Mr. LAGUARDIA. Will the gentleman yield?

Mr. DOWELL. Yes.

Mr. LAGUARDIA. That being so, would not the proper procedure be to bring in a bill here for the relief of this gentleman and let us pay him the difference?

Mr. DOWELL. Yes; we might do it in that way, but we have the matter clearly before us now, and if he is entitled to this pay he ought to receive it, and if he is not entitled to it he ought not to receive it. It seems to me, gentlemen, when we get down to the question here, he is entirely an innocent employee who believed that the Territory of Alaska had the right to employ him; believed they had the right to consolidate the duties of these officers, and he performed these duties.

Mr. PERKINS. Will the gentleman yield a bit further?

Mr. DOWELL. Certainly.

Mr. PERKINS. This is a general act and applies to any salaries due to any employees?

The bill says—

any salaries to United States officials or employees of the United States Government in Alaska—

And so forth.

Mr. DOWELL. But it only applies to the one.

Mr. PERKINS. Now, I wonder about that. I spoke to the gentleman from Alaska [Mr. SUTHERLAND], and I am under the impression he said it might apply to a good many.

Mr. DOWELL. No; I think it applies to only one.

Mr. PERKINS. Will the gentleman yield for me to ask that question?

Mr. DOWELL. I yield on that question to the gentleman from Alaska.

Mr. PERKINS. Then I would like to ask the gentleman from Alaska if this does not apply to more than one or may apply to more than one?

Mr. SUTHERLAND. The action in the court was applied to only one individual, the secretary of the Territory.

Mr. DOWELL. That was in the construction of the law.

Mr. SUTHERLAND. There was a suit to enjoin a number of other cases, but the court never got to render a decision on the others for the reason that the judge passed away while the case was pending. So there has never been a decision with regard to the others.

Mr. DOWELL. But it only applies to one.

Mr. LAGUARDIA. The bill says that—

any salaries to United States officials or employees of the United States Government in Alaska may be paid to certain officials—

And so forth.

Mr. DOWELL. Some years ago the chairman of the committee [Mr. CURRY] introduced a bill upon which there was extensive hearings by the committee for the consolidation of the work of many of the Federal departments of the Government in the Territory of Alaska. There is no doubt, it seems to me, that there is a great need for some consolidation of the work in that Territory, and I am hoping that there will be a consolidation of some of these Federal activities in the Territory, and I believe we will get as good service and save a great deal of money to the Government of the United States. I believe it can be done, I believe that the chairman of the committee when he returns to his work—which I hope may be soon—will be glad to take up that work.

Mr. RANKIN. Will the gentleman yield?

Mr. DOWELL. I yield.

Mr. RANKIN. If you are attempting in the bill to relieve one individual, why do you not say so in the bill and limit it to that individual case?

Mr. DOWELL. The Delegate from Alaska explained the situation.

Mr. RANKIN. In other words, you will be doing this—that instead of relieving one man you are throwing open the floodgates for other fellows to creep in.

Mr. DOWELL. No; this closes the door.

Mr. UNDERHILL. Will the gentleman yield?

Mr. DOWELL. Yes.

Mr. UNDERHILL. I want to ask the gentleman why it would not be better to clean up these old cases than to have them coming back here one by one?

Mr. RANKIN. Members of the House have understood that this was merely to relieve this individual case, but at this late period in the debate it develops that the floodgates are to be opened to others who may want to get in under it. I do not think the bill ought to pass at all. It is virtually the same bill that Congress defeated a year ago.

Mr. DOWELL. No; the gentleman is not correct. The bill at the last session merely continued the situation as heretofore.

Mr. RANKIN. This comes along and wipes out the decision of the court in favor of possibly a great multitude of these claimants.

Mr. DOWELL. I think the statement of the gentleman from Mississippi is not correct. It is true that the bill recognizes the decision of the court, which was not known to anyone until the court rendered the decision. Congress recognizes the decision of the court and holds that hereafter none of these offices shall be consolidated with the Territory office.

Mr. RANKIN. The gentleman admits that it does not limit the application of the bill to any one man.

Mr. SUTHERLAND. There is no relief required for others because they received their salaries and the treasurer of the Territory has not been enjoined. They now know what the decision of the court is and they will not go beyond this Territorial legislature for they know that they will be enjoined, and there will be no relief. I think they know the attitude of Congress and the attitude of the courts.

Mr. DOWELL. As I understand, all the other officials have been paid.

Mr. RANKIN. How does the gentleman know?

Mr. DOWELL. Because I have great confidence in the Delegate from Alaska.

Mr. RANKIN. How does the Delegate know?

Mr. SUTHERLAND. Because I know that the others have received their pay.

Mr. DOWELL. There is no way to get it back. This man has earned his pay and he ought to have it. [Applause.]

Mr. Speaker, I ask that the bill be read.

Mr. LA GUARDIA. Mr. Speaker, I have a preferential motion.

Mr. TILSON. The gentleman from New York has not the floor.

Mr. DOWELL. Mr. Speaker, I move the previous question. The question was taken, and the previous question was ordered.

The SPEAKER pro tempore (Mr. MAPES). The question now is on the third reading of the Senate bill.

The bill was ordered to be read the third time, and was read the third time.

The SPEAKER pro tempore. The question is on the passage of the bill.

Mr. RANKIN. Mr. Speaker, I move to recommit the bill to the Committee on the Territories.

The SPEAKER pro tempore. The gentleman from Mississippi moved to recommit the bill to the Committee on the Territories.

The question was taken; and on a division (demanded by Mr. LA GUARDIA) there were 15 ayes and 32 noes.

So the motion to recommit was rejected.

The SPEAKER pro tempore. The question now is on the passage of the bill.

The bill was passed.

On motion of Mr. DOWELL, a motion to reconsider the vote by which the bill was passed was laid on the table.

Mr. DOWELL. Mr. Speaker, that is all from the Committee on the Territories.

The SPEAKER pro tempore. The Clerk will continue the call of the committees.

The Clerk called the Committee on Insular Affairs.

RATIFYING AMENDMENT TO CORPORATION LAW OF THE PHILIPPINE ISLANDS

Mr. KIESS. Mr. Speaker, I call up the bill H. R. 16881, to approve, ratify, and confirm an act of the Philippine Legislature entitled "An act amending the corporation law, act No. 1459, as amended, and for other purposes," enacted November 8, 1928, approved by the Governor General of the Philippine Islands December 3, 1928.

The SPEAKER, pro tempore. The gentleman from Pennsylvania calls up the bill H. R. 16881, which the Clerk will report. The Clerk read as follows:

Be it enacted, etc., That the act of the Philippine Legislature entitled "An act amending the corporation law, Act No. 1459, as amended, and for other purposes," enacted November 8, 1928, approved by the Governor General of the Philippine Islands December 3, 1928, be, and the same is hereby, approved, ratified, and confirmed.

Mr. KIESS. Mr. Speaker, I now yield 30 minutes to the Commissioner of the Philippine Islands [Mr. GUEVARA].

Mr. GUEVARA. Mr. Speaker, I consider myself fortunate in having a share in the discussion of the bill now under consideration, to ratify and validate all the provisions of the law enacted by the Philippine Legislature in its last regular session, introducing amendments to the corporation law of the Philippine Islands.

These amendments place a new instrument of progress in the hands of the people. They lay down the principle of free investment necessary to the development of commercial and trade freedom. They also strengthen credit which is essential to commerce and industry.

These amendments also constitute a friendly gesture on the part of the Filipino people toward capital, and discredit, once and for all, their supposed unfriendly attitude toward investment. The Philippine Legislature, in enacting any legislation takes into consideration, like any other legislative body, local conditions and the needs and idiosyncracies of the people for whose benefit and protection it is enacted. No legislative body can depart from this fundamental principle of legislation. To enact a law which is not calculated to meet the loyal support of the people because it does not respond to their needs and inclination, is something that is foreign to democratic institutions which are the source of inspiration of all wise and just legislation.

These are the reasons, Mr. Speaker, why the corporation law of the Philippine Islands was not substantially amended during its existence of almost 23 years. But now local conditions in the islands have greatly changed through the growth of communication facilities, trade, commerce, industry, and agriculture. And now that investment is searching every nook and corner of the country to bring about the wealth that nature has hidden in its virgin soil, it is the duty of the legislature to enact laws, not only to encourage such investment but also to protect it. But the Philippine Legislature has not limited itself to enacting laws for the encouragement and protection of investment alone but has also provided measures to protect the public from unnecessary and wasteful exploitation.

The amendments to the corporation law of the Philippine Islands enacted by the Philippine Legislature in its last session, and to be ratified now by the Congress of the United States, through the bill now under consideration, has aroused a great deal of interest in public opinion, which proves that the people are conscious of the needs and difficulties of the present time. In the earnest desire of the Filipino people, and of their representatives in the legislature, to build an economic structure more in harmony with the requirements of modern commerce and trade, quite considerable opposition was registered against some of the amendments of the corporation law. The opposition was based on (a) sincere desire to ascertain whether the interests of the people would be duly safeguarded, and (b) partisan opposition, criticizing that which they themselves would have done had they been in the position of responsibility in the legislature. For the latter I plead forgiveness; for the former, I wish to say that their interests have been duly safeguarded and protected in the enactment of the amendments to the corporation law.

Now, Mr. Speaker, I wish to examine briefly the provisions of the amendments to the corporation law, to be ratified by the Congress of the United States through the bill now under consideration.

The amendments introduce in our corporation law the right of a corporation to issue stocks or shares, with or without par value, following the principle governing these cases now in practice in the United States and all over the world.

This amendment has been strongly criticized on the ground that the no-par-value stock is or may be the source of continuous fraud. The opposition almost instilled in the public mind that the authorization to issuing no-par-value stock by the corporation is an authority given to speculators to exploit the country. Those who speak thus do not even realize that the public is often misled by the sale of stock with par value, thereby cheating the innocent investors, who are frequently persuaded by speculators to purchase stock which sells at a nominal price upon the assurance that the stock is worth much more than they are paying for it. Commercial experience has demonstrated that

many a man or woman, uninitiated in the intricacies of financial ventures, has been induced to buy worthless stock for a few dollars which carries a face value of \$100 or more. It is easy under these circumstances for the swindler to convince his victim that a real bargain is being offered and that the stock will soon be brought to par or more than par. Also those who have criticized the authority granted to corporations to issue stock with no par value have not considered, or do not want to consider, that it will permit much greater flexibility and accuracy in accounting procedure, since there are a number of satisfactory methods for carrying such issues on the balance sheet.

The opposition to the amendment, as regards the no-par-value stock, has even infected some of the distinguished legal minds in the Philippine Islands, who could not have any other apology for supporting such opposition than having been nursed by the old and stale school of thought. The opposition to this new system introduced in the Philippine corporation law has given rise more to academic discussion than to practical reasoning. But the Philippine Legislature, composed of men of broad vision and knowledge of the modern principles of trade and commerce, wisely and justly rejected such opposition and adopted the system of authorizing corporations to issue stock with no par value.

It is important to note that whether or not corporations are authorized by law to issue stock with or without par value, the fact is that their credit in the market and their standing in the public confidence are the best guaranty of the stability of their stock. The old corporation law of the Philippine Islands did not authorize corporations to issue stock or shares with no par value. This system has to some extent weakened credit in the Philippine Islands, for there are many instances in which a man buying stock has been disappointed, if not swindled, for in buying the stock he did not investigate the financial status of the corporation, blindly accepting the face value of the stock.

Also the single system authorized by the old corporation law of the Philippine Islands, as to the issue of stock or share with par value, has given rise to the evil of stock watering. Furthermore, one of the advantages of the no-par-value stock is that the holder is free from the liabilities to assessment, sometimes confronting the holder of the par-value stock, which has not been fully paid, or the nature of the payment about which serious objections in times of financial difficulties are often raised.

I am making this analytical exposition of the advantages of the no-par-value stock, in order to enlighten the mind of those of my countrymen from the misleading arguments advanced against this system in the aftermath of the approval of the law now to be ratified by the Congress of the United States. And to those of my countrymen who insist upon making political capital out of this question, I wish to say, that they owe to their country the service of their mental integrity which should be inspired by their patriotism.

I ask unanimous consent to extend in the RECORD, as a part of my remarks, the explanatory notes prepared by the joint committee on banks and corporations of the Senate and House of Representatives of the Philippine Islands, which is, as follows:

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The matter referred to is as follows:

EXPLANATORY NOTE OF REVISED AMENDMENTS

The fundamental idea underlying the proposed amendments to the corporation law is to place our corporations on a certain level with American corporations so that they may enjoy the same advantages that American corporations doing business in the Philippines are allowed to enjoy both under American and Philippine laws. In other words, the proposed amendments are intended to remove the handicaps placed on Philippine corporations when competing with American corporations doing business in the Philippines. These amendments are primarily designed to benefit Philippine corporations and Philippine business rather than American corporations and American business.

The additional powers and privileges sought to be conferred on Philippine corporations under the proposed amendments are now available to American corporations under American laws. So that, while American corporations doing business in the Philippine Islands may issue stocks without par value, and may declare stock dividends, Philippine corporations also doing business here are not allowed to do the same thing, or, at least in the case of stock dividends, it is doubtful whether Philippine corporations may legally declare them.

The changes sought to be introduced in our corporation law by the proposed amendments refer specifically to corporate purposes, stock without par value, stock dividends, the disposition of corporate assets, the modification of restrictions as to ownership of stock in agricultural and mining corporations by individuals, and investment companies.

The proposed changes do not in any way, manner, or form, alter or affect the present laws with regard to public lands.

SECTION 1. This amendment merely combines two sections of the present law referring to the same subject matter. The amendment does not alter their provisions.

SEC. 2. The purpose of this amendment is to allow the issue of several classes of stock, with such rights, voting powers, preferences, and restrictions as may be provided in the articles of incorporation. Under existing statutes ownership of stock is necessarily coupled with the right to vote, thus precluding the issue of nonvoting preferred stock. Experience in the management of corporate business has shown the convenience of giving to corporations greater elasticity in defining the relative rights of their shareholders and in determining the methods that they may seek to employ in securing proper financing. This power is specially necessary in the reorganization of weak and moribund corporations, as well as of those requiring additional capitalization to enlarge their business.

This amendment authorizes the issue of no-par-value stock. The present corporation law prohibits the issue of stock except for par value. Almost all of the States of the American Union have recognized the advantages of authorizing corporations to issue stock without par value. The value placed on the certificates of stock, which is based on the original capitalization, is very often misleading, as in many instances that actual value of such stock is very far from the actual amount received by the corporation for the same, such difference depending upon the success of the venture. It does away with the evil of stock watering and prevents the sale of below par. Stock manipulation is avoided, for stocks without par value compels investors to examine the real and true condition of the corporation to determine the real value of the shares they desire to purchase.

This amendment will place domestic corporations on the same level with foreign corporations, most of which have the powers sought to be granted by this amendment to domestic corporations under the laws of the States where they have been organized.

Moneyed corporations, such as banks, trust companies, insurance companies, and building and loan associations, are prohibited to issue no-par-value stock under this amendment. The same exception is made in many of the States of the American Union. The reason for this exception is found in the fact that moneyed corporations depend very vitally on the reputation that they enjoy with the general public, and sudden fluctuations in the market value of their stock may produce financial upheavals and panics which may disrupt its own business, as well as that of other organizations dealing with them.

It is an admitted principle of corporate finance that no dividend should be declared out of capital. For this reason the proposed amendment requires that the entire consideration received from the sale of no-par-value stock should be treated as capital and should not be available for distribution as profits.

The provisions in this section referring to no par value stock have been modeled after the statute in force in the State of New York.

SEC. 3, PAR. 2. Under our corporation law corporations may be formed for only one specific purpose. Foreign corporations, however, may engage in the Philippine Islands in various pursuits. The proposed amendment seeks to remedy this anomaly. There does not seem to be any valid reason why corporations may not engage in two or more legitimate business ventures, provided that in so doing they neither stifle wholesome competition, gain an undue advantage over competitors, nor tend to create monopolies in any line of commerce. To prevent the occurrence of these conditions corporations engaged in transportation or communication systems are restricted to their own special line of activity.

With regard to banks and trust companies, the amendment seeks to authorize what is called as departmental banking, to regulate which the amendment provides for the insertion of new articles 147 to 153 in our corporation law, the old sections 147 to 153 having previously been repealed by the insurance law.

PARS. 7 and 8. This amendment determines how the capitalization of corporations issuing no par value stocks should be expressed in the articles of incorporation.

SEC. 4. The amendments to this section seek to conform the form of the articles of incorporation to the modifications provided in the proposed amendments with regard to the purposes, classes of stock, capitalization, etc.

SEC. 5. This amendment fixes an arbitrary value for all no par value stock for the purpose of fixing the fees to be collected upon the filing of the articles of incorporation.

SEC. 6. This amendment is logical consequence of previous amendments.

SEC. 7. This amendment may be divided into two parts.

1. The present law expressly prohibits corporations from conducting the business of buying and selling real estate. This provision is now being violated almost without restriction by companies engaged in the business of subdividing real estate. The restriction is sought to be eliminated by this amendment, provided the corporation is not organized for the purpose of buying lands and selling them at a profit.

2. The present law prohibits a corporation engaged in agriculture or in mining and any corporation organized for any purpose except irrigation from being in any way interested in any other corporation engaged in agriculture or in mining. The provision is maintained in the proposed amendment with regard to corporations engaged in agriculture or in mining. With reference to other corporations, the modification sought to be introduced is treated under the section dealing with "Investment corporations" hereafter to be considered.

The present law also prohibits any member of a corporation engaged in agriculture or in mining from being a stockholder in any other corporation engaged in agriculture or in mining. This provision seems to be unreasonable, for it prevents a bona fide investor from purchasing shares of stock in several agricultural or mining companies purely as a matter of investment, with no desire either to control said corporations or as an indirect way of acquiring the ownership of large tracts of land. The proposed amendment will allow any person to own stock in two or more corporations engaged in agriculture or in mining, provided his stock does not exceed 15 per cent of the total shares of stock of any of the corporations in which he is thus interested, and provided, further, that this interest in said corporations is solely for investment and not for the purpose of bringing about or tending to bring about a combination to exercise control in any of such corporations. This amendment also allows corporations organized for any purpose, except agriculture or mining, to own stock in two or more corporations engaged in agriculture or mining, subject to the same limitations imposed upon natural persons. Corporations are made up of individual stockholders and there would seem to be no valid reason for prohibiting a corporation to acquire what each of its individual members could acquire. This provision would also be made available to agricultural and mining corporations within certain limitations.

The proposed amendment, while allowing investors in good faith to acquire interest in agricultural and mining corporations, imposes clear, definite, and effective restrictions for the double purpose of preventing the control of innumerable corporations by a group of individuals, as well as of safeguarding the policy underlying the present land laws, namely, to promote the distribution of our lands, both public and private, among the greatest number of people. While this amendment will not satisfy the advocates of organized mass production, it will nevertheless bring about the more desired condition of agricultural development by the cooperative effort of investors in good faith in adequately reasonable quantities.

SEC. 8. This amendment will authorize the organization of investment corporations in the Philippine Islands. The present law does not seem to prohibit the organization of companies for the purpose of owning stock or in any way dealing with the shares and securities of any corporation except those engaged in agriculture or in mining. The law, however, is not clear on this point, even with regard to commercial companies, and the present amendment seeks to authorize expressly the organization of said corporations. There is nothing in the present law which would seem to prevent a commercial corporation from acquiring stocks in an agricultural corporation, but it merely provides that a stockholder, whether an individual or a corporation, that already owns stock in an agricultural or mining corporation, shall not be allowed to be in any way interested in any other agricultural or mining corporation. To allow investment corporations within proper limitations to acquire stock in mercantile corporations is the purpose of this amendment.

If individuals are to be allowed to acquire stock in as many corporations as they may choose to invest in, there would seem to be no valid reason to prevent corporations organized by different individuals to acquire stocks in any kind of corporations under exactly the same restrictions and limitations. In fact, the authority with regard to corporations would seem to be more justifiable. It would make practicable the application of fundamental principles now accepted in corporate investment which require the spreading of investments over a wide field with the consequent diversification of risks. The only objection to this scheme might be that it could promote the establishment of monopolies. To guard against this possibility, there are included in this section the provisions of the Federal statutes of the United States against monopolies or combinations in restraint of trade which are accepted as sufficient to check such tendencies.

A proviso has also been inserted to the effect that moneyed corporations such as banks, trust companies, insurance companies, and building and loan associations shall not invest more than 10 per cent of its capital and surplus in stocks of another corporation. This is in line with State statutes found in the United States.

SEC. 9. This amendment authorizes the issue of stock dividends. The present law seems vague and indefinite with regard to the power of a corporation to declare stock dividends. But it is a well-known fact that many corporations in the Philippines have been declaring stock dividends, either for the legitimate purpose of increasing the capitalization from earned surplus, or for the illegitimate purpose of avoiding the payment of the income tax. The amendment will clarify the law on this subject and, while authorizing the declaration of stock dividends, it imposes the following restrictions:

1. That it must be approved by the stockholders representing not less than two-thirds of all stock entitled to vote then outstanding.

These restrictions are considered sufficient to protect all concerned, and whereas it may occur that a small minority may not be in favor of the declaration of stock dividends, which would in effect compel them to invest in stock of the corporation the amount which they are entitled to receive in cash from the profits of the corporation, the injury that may be caused to them can not outweigh the advantages which may accrue to the greater number of stockholders by allowing them to use the net surplus of the corporation for the expansion of the business. Moreover, under the present law the minority stockholders in a corporation are in condition of greater helplessness in this regard, for there is not any provision in our present law which would compel the board of directors, representing only a majority of the shareholders, to declare any dividend at all out of the net surplus of the corporation. With the declaration of the stock dividend the condition of the shareholder in this particular is greatly improved, for whereas in the case when no dividends at all are declared he holds nothing except an expectancy to receive a share in the profits when a stock dividend is declared the shareholder is given a certificate representing an interest in the corporation which he may negotiate.

SEC. 10. The proposed amendment is a logical consequence of the previous amendments in reference to no par value stock.

SEC. 11. The proposed amendment authorizes the amendment of the articles of incorporation with regard to the relative rights of the holders of the different kinds of shares of the corporation. In order to protect the rights of the minority, which may be injured by this action, the proposed amendment grants them the right to receive in cash the actual value of their shares, to be determined in the fair and equitable manner provided in the amendment.

SEC. 12. The proposed amendment changes the present law only as to form, except that it provides expressly the granting of proxies with regard to the particular case referred to in the section.

SEC. 13. The law is not clear as to right of the stockholders of a solvent corporation to dispose of all its assets, nor is there a legal procedure prescribed for carrying out such a purpose. The amendment authorizes a corporation, by the vote of stockholders representing two-thirds of its stock then outstanding and entitled to vote, to sell, lease, exchange, or otherwise dispose of all or substantially all of its assets. Dissenting stockholders are guaranteed the right to recover the actual value of their shares as may be determined in accordance with the procedure outlined in the amendment. The purpose of this amendment is to allow two-thirds of the shareholders of a corporation who desire to transfer the whole business of a corporation as a going concern to be able to carry out said purpose without being hindered by a small minority, who very often may not act in good faith.

SEC. 14. The proposed amendment only affects corporations which have no capital stock, and seeks to prohibit the system of cumulative voting with regard to said corporations; for experience has shown that with regard to said corporations, in view of the frequent absence of a great number of members, small minorities very often availing themselves of this system, are able to elect the whole board of directors.

SEC. 15. This amendment refers to voting trusts. The present law allows individual stockholders to execute voting proxies, which is in effect a power of attorney granted to a certain individual to vote a share of stock. A voting trust agreement is merely a proxy granted by several stockholders of a corporation on the consideration, among others, of their mutual agreement to create the voting trust. The present law is silent as to the right of shareholders to execute agreements for the purpose of establishing a voting trust, but it is the consensus of opinion among lawyers that such agreements are legal and permissible under the present law. As a matter of fact, many voting trust agreements have been executed in the Philippine Islands, the best known being the voting trust created in favor of the Philippine National Bank by the stockholders of the Binalbagan Estate (Inc.). Voting trusts have been found convenient and necessary instruments of corporate managements in order to establish definite and permanent policies, as a condition required by capitalists or banks before they come to the rescue of distressed corporations, with a view to securing competent management thereof. The amendment proposes to clear up the law on this subject, prescribes the procedure to be followed and, at the same time, imposes certain important limitations, as for example, that no voting trust shall be created for the purpose of placing under one management two or more corporations which under the law may not be organized as one corporation by reason of their purposes. The present amendment is permissive and not compulsory. It does not compel any individual stockholder who does not so desire to sign a trust agreement.

SEC. 16. This amendment merely converts section 36 of the corporation law into section 37.

SECS. 17 and 18. The amendments make a readjustment of the numbers of the sections of the law and authorize the dissolution of a corporation and the distribution of all of its assets among its members without the necessity of court action, provided it does not affect the rights of any creditor having a claim against such corporation. Two-thirds of the stockholders is required for this action.

SEC. 19. The proposed amendment deals principally with investment of the stock in certain corporations, and authorizes their payment by installments.

SEC. 20. This new section maintains in full force and effect the provisions of the law prohibiting monopolies and combinations in restraint of trade, and also the integrity of the provisions of the present land laws of the Philippine Islands.

SEC. 21. This section is a transitory provision for the purpose of obtaining the approval of the Congress of the United States to the provisions of this measure which may require congressional action, because of their conflict with the Jones Act.

Mr. GUEVARA. I wish to say a few words concerning the entry of American capital into the Philippine Islands. It is not necessary for me to say, for I have done so time and again, that the Filipino people not only welcome American capital but are also moved by the highest spirit of friendship toward it. The Philippines are in need of capital for their economic development. The Filipino people are aware that foreign capital is bound to come to the islands, and if they are to follow the modern trend of national life they can no longer isolate themselves from the outside world. Their preferences must necessarily be for American capital. Its prosperity is the prosperity of the Filipino people, and I consider it a privilege to say that our future and that of our country will be safer with American investors than with any other. American investment has never meant peaceful penetration. It has always been an instrument for friendly cooperation. It is law-abiding and the American Government, founded on humanitarian principles, has never used its power to make of that capital an instrument of oppression. [Applause.]

Mr. HOOPER. Mr. Speaker, will the gentleman yield?

Mr. GUEVARA. Yes.

Mr. HOOPER. As I understand it, the real purpose of this bill is to liberalize the corporation act in the Philippine Islands?

Mr. GUEVARA. Yes.

Mr. HOOPER. And to make it more possible in a business-like way to handle business in those islands?

Mr. GUEVARA. Yes.

Mr. HOOPER. Holding corporations are provided for here?

Mr. GUEVARA. Yes.

Mr. HOOPER. And investment corporations?

Mr. GUEVARA. Yes.

Mr. HOOPER. The gentleman has recently been reelected as the Commissioner from the Philippine Islands?

Mr. GUEVARA. Yes.

Mr. HOOPER. On behalf of the committee I congratulate the gentleman.

Mr. GUEVARA. I thank the gentleman from Michigan.

Mr. MORTON D. HULL. Mr. Speaker, will the gentleman yield?

Mr. GUEVARA. Yes.

Mr. MORTON D. HULL. What particular business interests have been boosting this particular legislation?

Mr. GUEVARA. No particular business has been boosting this bill, but the Philippine Legislature itself, as representing the people of the Philippine Islands, saw fit to modernize the corporation law.

Mr. MORTON D. HULL. It was modernized in the Philippine Legislature at the request of some people there who had some particular motive in it?

Mr. GUEVARA. No.

Mr. MORTON D. HULL. Was it the sugar interests?

Mr. GUEVARA. No; it does not affect the sugar interests at all.

Mr. SCHAFER. Mr. Speaker, will the gentleman yield?

Mr. GUEVARA. Yes.

Mr. SCHAFER. Was it the rubber interests?

Mr. GUEVARA. No; because we have no rubber interests in the islands.

Mr. SCHAFER. The rubber interests have studied the question of planting rubber trees in the Philippine Islands. If this bill is enacted into law, will it remove the limitation that we now have regarding the number of acres of land that one corporation can hold?

Mr. GUEVARA. By no means.

Mr. SCHAFER. And the gentleman does not know of any particular interest or monopoly that is advocating the passage of this bill by Congress, or that has been advocating its passage before the Philippine Legislature?

Mr. GUEVARA. No. I am positive that no special interest is backing this bill.

Mr. SCHAFER. I know that the Commissioner from the Philippines [Mr. GUEVARA] has ably represented his people, and that they could not find a better representative. If this bill meets with his approval, I shall certainly not oppose it.

Mr. GUEVARA. I thank the gentleman. It has my approval. Mr. JENKINS. Mr. Speaker, will the gentleman mind going into detail and giving us a little of the history of the growth of this bill through the Legislature of the Philippines?

Mr. THURSTON. Is it not true that this bill was passed by the insular assembly at the instance of the Governor General?

Mr. GUEVARA. The Governor General recommended the modification of our corporation law. And he was in favor of the passage of this measure.

Mr. THURSTON. Does this bill in any way modify or affect the amount of land that a corporation can hold in the Philippine Islands?

Mr. GUEVARA. No.

Mr. MORTON D. HULL. How much land can they hold?

Mr. GUEVARA. Two thousand five hundred acres of land.

Mr. THURSTON. One additional question. Is any measure now pending in the insular assembly which would remove the restrictions of 2,500 acres that a corporation can own?

Mr. GUEVARA. I believe that the working of this amendment will accomplish that end.

Mr. THURSTON. And that is of highly economic importance to the development of the island?

Mr. GUEVARA. Yes.

Mr. HOOPER. As reflected by the vote in the assembly of the Philippine Islands, does the gentleman believe that this bill meets with the general approval of the business interests and the business people?

Mr. GUEVARA. Of the people, too, because the business interests represent a minority, but the people as a whole approve this amendment.

Mr. HOOPER. It meets with the approval of both the native and the American population?

Mr. GUEVARA. Yes.

Mr. GIBSON. Mr. Speaker, will the gentleman yield?

Mr. GUEVARA. Yes.

Mr. GIBSON. The gentleman, in addition to being a very able representative of the Philippine Islands, is a distinguished lawyer of the Philippine Archipelago. He is fully familiar with the conditions there. Do I understand that this will help in the commercial development of the islands?

Mr. GUEVARA. Yes.

Mr. JENKINS. Mr. Speaker, will the gentleman yield?

Mr. GUEVARA. Yes.

Mr. JENKINS. There was one question I asked that the gentleman did not have an opportunity to answer. I would like to know what opposition there was to the enactment of this bill?

Mr. GUEVARA. As I pointed out, the opposition was based upon the theory that the authority given to corporations to issue stock without par value would make possible the practice of fraud upon innocent investors.

But I believe it is wrong, because the issue of a stock with par value leads to the deceiving of the innocent investor. For instance, if in the market is offered for sale 200 shares of stocks, with par value of \$100 each, the innocent investor who does not care to investigate the financial status of the corporation blindly accepts the face value of it and pays \$100 for each of such stocks, which probably is not worth 2 cents.

Mr. O'CONNOR of New York. Is it not a fact that the whole theory of the no par value of stock shows that it was adopted for the purpose of preventing fraud on the innocent purchaser, and that is the reason that the no par value stock was adopted throughout the United States?

Mr. BANKHEAD. I would like to ask a question or two for information. Is the stock exchange at Manila similar to that in New York?

Mr. GUEVARA. Oh, no, sir.

Mr. BANKHEAD. Nothing of that sort?

Mr. GUEVARA. Not even a shadow of it.

Mr. HOOPER. Who drafted this law—a commission appointed by the legislature?

Mr. GUEVARA. A committee of the Bar Association of the Philippine Islands, and this committee was composed of prominent lawyers who reported and recommended the amendments to the Governor General, and the Governor General sent a message to the legislature recommending their approval.

Mr. SCHAFER. Will the gentleman yield?

Mr. GUEVARA. I will.

Mr. SCHAFER. Is this bar association composed of Filipino attorneys as well as American attorneys?

Mr. GUEVARA. Ninety per cent Filipinos and 10 per cent Americans.

Mr. HOOPER. And Filipino lawyers had a proportionate part in the representation on the board or commission which drafted the law?

Mr. GUEVARA. They constituted the majority.

Mr. HOOPER. And it meets with their acquiescence?

Mr. GUEVARA. Yes, sir.

Mr. LEHLBACH. Do I understand this bill meets with the approval of the Governor?

Mr. GUEVARA. Yes, sir. I thank you. [Applause.]

Mr. KIESS. Mr. Speaker, I move the previous question.

The previous question was ordered.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed.

A motion to reconsider the vote by which the bill was passed was laid on the table.

BOARD OF VISITORS FOR PHILIPPINE ISLANDS

Mr. KIESS. Mr. Speaker, I call up the bill (H. R. 16877) providing for the biennial appointment of the board of visitors to inspect and report on the government and conditions in the Philippine Islands.

The Clerk read the title of the bill.

The SPEAKER pro tempore. This is on the Union Calendar.

Mr. KIESS. Mr. Speaker, I ask unanimous consent that the bill may be considered in the House as in Committee of the Whole House on the state of the Union.

The SPEAKER pro tempore. Is there objection?

Mr. BANKHEAD. Reserving the right to object, Mr. Speaker, is this a unanimous report from the committee?

Mr. KIESS. Yes.

Mr. BANKHEAD. There is no opposition to the bill in the committee?

Mr. KIESS. No.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the bill. The Clerk read as follows:

Be it enacted, etc., That there shall be appointed biennially, during the second regular session of each Congress prior to the Seventy-fifth Congress, a board of visitors to the Philippine Islands to investigate the state of the government of such islands, including the economic and social conditions of the people thereof. Each board shall consist of three Members of the Senate, to be appointed by the President of the Senate, and five Members of the House of Representatives, to be appointed by the Speaker of the House of Representatives, who are Members or Members elect of the next Congress. A vacancy in a board shall not affect the powers of the remaining members to execute the powers of the board. Each board shall select a chairman from among its members. Each board shall cease to exist upon the date of making the report prescribed in section 3.

SEC. 2. The members of a board shall receive no additional compensation for their services as such members; but they shall be reimbursed for necessary expenses, including actual expenses for travel of such members and a clerk, incurred by them in the performance of duties vested in the board. The expenses of a board shall be paid three-eighths from the contingent fund of the Senate and five-eighths from the contingent fund of the House of Representatives, upon vouchers signed by the chairman of the board and approved by the Committee to Audit and Control the Contingent Expenses of the Senate and the Committee on Accounts of the House of Representatives, respectively.

SEC. 3. Each board shall make a report to Congress during the first regular session of the Congress succeeding the appointment of its members, which shall contain a statement of the results of such investigation, together with recommendations for appropriate legislative or other action.

The SPEAKER pro tempore. Without objection, the Clerk will be authorized to correct the spelling of the word "effect" on page 2, line 3.

There was no objection.

The SPEAKER pro tempore. Without objection, the Clerk will also be authorized to correct the spelling of the word "three-eighths," on page 2, line 13.

There was no objection.

Mr. KIESS. Mr. Speaker, I move to strike out the last word.

The SPEAKER pro tempore. The gentleman from Pennsylvania moves to strike out the last word. The gentleman is recognized for five minutes.

Mr. KIESS. Mr. Speaker, the bill under consideration is almost identical with the bill which passed the House of Representatives on June 21, 1926. It provides for a board of visitors somewhat similar in character to those already provided by statute for such governmental activities as the Military and Naval Academies. It is not a special investigating commission. It assumes nothing in the nature of a criticism of existing conditions and in no way conflicts with or reflects upon individual investigations which have been or may be made by the executive branch of the Government for its own purposes.

We believe that in view of the responsibility resting upon Congress for the safety, security, and just government of those millions of people who live in the Philippine Islands, and in view of the remoteness of those islands and the difficulty experienced by Members of Congress in obtaining first-hand, personal information regarding the government of the Philippine Islands and the conditions in those islands, it is highly important that there should be a regular biennial official visit made by Members of Congress to gather information and to inspect governmental activities.

It is my opinion that such a board of visitors visiting the islands regularly every two years will serve to allay any fears on the part of residents in those islands that the Congress is likely to neglect their duties to the Philippine Islands. There is no other way in which the citizens of those islands can present their grievances in person before a committee of the Congress without incurring the expense of a long and costly journey.

The practice of sending a board of visitors to West Point and Annapolis at regular intervals has worked admirably. It has served to keep the Congress in constant touch with actual conditions at the academies. The Congress has not waited until serious difficulties arose, and as a result the conduct of the academies has been most satisfactory. In the Philippines no such policy has been followed. It is believed that this has been detrimental to the progress and prosperity of those islands.

The bill makes provisions for carrying out President Coolidge's recommendation contained in his message of December 6, 1927, to the Seventieth Congress, when, in referring to the Philippines, he said:

It would be well for a committee of the Congress to visit the islands every two years.

This legislation has also the indorsement of the Bureau of Insular Affairs of the War Department and is favored by the representatives of the Philippine government.

Mr. SCHAFER. Mr. Speaker, will the gentleman yield for a brief question?

Mr. KIESS. Yes.

Mr. SCHAFER. I have been reading section 2. I would like to be informed whether, in the gentleman's opinion, provision is made for only one clerk for the committee. The language of the bill can be construed so as to provide one clerk for each member of the committee.

Mr. KIESS. The intention was to provide for one clerk for the committee.

Mr. UNDERHILL. The word "members" is plural, not singular, and consequently it means the committee and not the individual members.

Mr. JENKINS. Is it not true in your handling of the affairs of Porto Rico that very frequently delegations come from Porto Rico?

Mr. KIESS. Yes; every year.

Mr. JENKINS. Is it not true also that they do not come from the Philippines?

Mr. KIESS. Yes.

Mr. JENKINS. Is not the object of this bill to obtain contact with the Filipinos when it is too expensive for the Filipinos to come here?

Mr. KIESS. Yes. This would give the Filipinos a chance to get in touch with Congress.

Mr. DALLINGER. Is it not a fact that as chairman of the Committee on Insular Affairs it is your experience that in every case where people have appeared from the islands, pro or con, any change, the one thing that they have great hope for is that a committee will visit the place and study the conditions on the ground?

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. KIESS. Mr. Speaker, I ask for five additional minutes.

The SPEAKER pro tempore. The gentleman from Pennsylvania asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. KIESS. In answer to the inquiry of the gentleman from Massachusetts [Mr. DALLINGER] I will answer yes.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. KIESS. Yes.

Mr. COCHRAN of Missouri. This appears to be rather a little joy ride for Members of Congress. Are you going to appoint similar commissions or committees to visit Hawaii and Porto Rico?

Mr. KIESS. I may say to the gentleman that our particular committee has no jurisdiction over Hawaii or Alaska. They are under the Committee on Territories. Our committee has

the Philippines, Porto Rico, the Virgin Islands, Samoa, and Guam.

Mr. COCHRAN of Missouri. We have a representative over in the Philippines. He reports annually to the President, and his report comes to Congress, and the Bureau of Insular Affairs reports to Congress. It seems to me that this is an absolutely useless expenditure of funds, to send Members of Congress over there, because Congress as a whole is not going to listen to the representations of a few men who take a ride over there.

Mr. KIESS. It is going to be a considerable sacrifice to some Members who may be appointed on this committee to go to the Philippines, which will take three months or more out of the year.

I have had an experience recently in Porto Rico after the hurricane. I went down there and personally saw the damage and talked with the people. It had a wonderfully beneficial effect there. It showed those people that Members of Congress were sufficiently interested in them to take the time to go there and travel over the island.

I believe that if this bill is passed and this commission is sent to the Philippines it will bring the Philippine people in closer relations to the people of the United States, and so long as we are going to keep them I think we ought to do everything we can to better our relations.

Mr. SCHAFER. Would it not be a good thing to be sure that at least one member of this committee should be a Member of Congress who favors Philippine independence?

Mr. KIESS. The appointments will be made by the Speaker, and I am sure we all have confidence in him. The bill does not provide that the members shall necessarily be members of the Committee on Insular Affairs. That question was brought up by the committee, and it was the unanimous opinion of the committee that we should not put that restriction in the bill. We do not want anyone to feel that the members of the Committee on Insular Affairs desire to press a bill limiting the membership of the proposed committee to members of the Committee on Insular Affairs.

Mr. THURSTON. Is it not a fact that the War Department recommends this?

Mr. KIESS. Yes. The War Department and the Philippine representatives have urged it for a number of years. The Resident Commissioner from the Philippines [Mr. GUEVARA] is here and will speak for the bill later.

Mr. RAGON. I certainly hope this bill will pass unanimously. I think I am one of the early proponents of this measure. The gentleman from New York [Mr. WAINWRIGHT] and I discussed this bill for some time before he first introduced it several years ago. I think the purpose this bill will serve will meet the commendation of every man on the floor of this House. I am no longer a member of this committee, but having been a member of it for the last six years I feel an abiding interest in the provisions of this bill and its effects on the Philippine Islands.

For years we have had people go to the Philippine Islands. They come back and write syndicated articles for some of the great newspapers, either fighting Philippine independence or espousing the cause of Philippine independence. The result of that propaganda has been to secure the individual opinion of various persons as to conditions existing in the Philippine Islands which, from my own investigation of the question, has proven to be, in nine cases out of ten, an absolute enlargement and all out of proportion to the importance of the thing about which they talk or write.

Mr. UNDERHILL. Will the gentleman yield?

Mr. RAGON. Yes.

Mr. UNDERHILL. And those opinions largely depended upon from whom they received the greatest courtesies and entertainment?

Mr. RAGON. Absolutely. I will tell you what I can do. I can meet a man who has made a trip to the Philippine Islands, and before I have talked with him for three minutes I can tell with which crowd he associated while he was there.

Now, it has always been the opinion of the committee bringing out this bill that what we need in Congress is a nonpartisan committee that can go to the Philippine Islands and meet the people, representing all factions, and ascertain their needs. They would know the committee bore an official authority, so that they could come before it and give such information as they had bearing upon the economic and political progress of the islands.

I think it is more important that we send this committee there now than ever before. I do not want to deal with any delicate relations, but I am going to venture this expression here this afternoon, that we have been playing entirely too much politics with the Philippine Islands. It has been too much of a Democratic and a Republican argument for the good of the islands.

I can see a certain amount of the criticism that was leveled at the head of the Governor General during the administration of President Wilson might have been just. I can see some of the criticism which was leveled at the head of General Wood was perhaps just. But back of the criticisms of both I think was an unnecessary—and in some instances an ignorant—political motive which prompted them. I do not know but what we could have had better Governors General than either one of those gentlemen, but that is beside the question. However, I do say to men on both sides of this aisle to-day that I do not believe that in the history of the Philippine Islands there has ever been a better condition than exists there to-day under the present Governor General of the Philippine Islands. [Applause.] I have been one who has fought as stubbornly as anyone for the protection of these islands, and these men on the committee know it; but I believe in giving credit where credit is due. And one of the regrets that comes to me is the news that is now published in the columns of the press that perhaps the Philippine Islands is going to lose their present Governor General. He has been a good man. He has the support of all the factions over there. I do hope and trust that when this committee goes over there it will have in view only one thing, and that is to get at those things that are important for the progress of that community. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Arkansas has expired.

Mr. RAGON. Mr. Speaker, I ask unanimous consent to proceed for five additional minutes.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

Mr. RAGON. There are 12,000,000 people over there. Among them are many poor people. To my mind those islands represent one of the greatest prospects in all the world for a great future, and I think their progress depends upon the sane and sensible view we take here in Congress as to their future.

I have seen some suggestions brought before the Ways and Means Committee recently, and if those suggestions are carried out I say to you they will reflect, in my opinion, to the everlasting shame upon the treatment that America is according the Philippine Islands. [Applause.] I do hope and trust that the Members of Congress will inform themselves upon the great questions that are pending before the Ways and Means Committee with reference to placing a duty upon sugar, cocoa, coconut oil, and so forth, coming from the Philippines. I trust you will study these questions before you lend your support to the placing upon these products tariff rates that will eventuate in the practical starvation of the Philippine Islands.

What these islands need to-day more than anything else, my friends, is capital. There is but one source of capital to which they can look for support, and that is American capital; and I say to you that American capital is timid now because of the uncertain political status of the islands, and whenever you take off the inducement of free entry into American ports of Philippine products you are absolutely going to foreclose forever from the Philippine Islands American capital.

Mr. PERKINS. Will the gentleman yield there?

Mr. RAGON. Yes.

Mr. PERKINS. What about the proposed restriction on the quantity of imports of sugar and other products; would that have the same effect?

Mr. RAGON. I think unquestionably it would.

Mr. UPDIKE. Will the gentleman yield?

Mr. RAGON. Yes.

Mr. UPDIKE. Does not the gentleman think this bill will tend to establish the confidence of investors in the Philippine Islands when men of authority go over there and interest themselves in the condition of the Philippine Islands?

Mr. RAGON. There is no question about it; and if any tariff changes must be made with respect to the Philippine Islands they ought to at least await the investigation started by this committee.

This committee will serve the same purpose as your committees in Congress. They will investigate, and the information they secure will be first-hand information. It will not come from the unsustained lips of some propagandist or some member of a faction, but your committee will be over there and they will see and will bring back first-hand information.

Mr. JENKINS. Will the gentleman yield?

Mr. RAGON. Yes.

Mr. JENKINS. Does not the gentleman think the fact that this is to be a continuous committee is very important?

Mr. RAGON. I think so; I have always insisted it should be a continuous committee, and the only objection I see to the present bill is that the committee dies as soon as it makes its report. I think the committee that goes there this year should

be the committee to go there two years hence, because the committee going there this year two years hence will see the progress or the lack of progress which has been made in the islands.

Another thing is that this involves a great study of the people, their habits and customs, some of which run back into the centuries, longer than the life of America, and this necessarily entails a great deal of study, and a man must familiarize and acquaint himself with all these things in order to properly understand the Philippine question. If you change the personnel of the committee every two years, then you have a crowd of freshmen on each committee every two years solving the problems of the Philippine Islands. That is one thing which I contend has been the trouble all the time with a solution of the Philippine problems—we have handled them too much with the hands of inexperience.

Mr. DALLINGER. Will the gentleman yield?

Mr. RAGON. Yes.

Mr. DALLINGER. There is nothing in the bill to prevent the Speaker from reappointing.

Mr. RAGON. Not a thing; and I hope that the committee that is pressing this bill will keep it fresh in the minds of the administration of the House that they do that.

The SPEAKER pro tempore. The time of the gentleman from Arkansas has again expired.

Mr. RAGON. Mr. Speaker, I ask unanimous consent to proceed for two minutes more, and I shall not ask for any further time.

The SPEAKER pro tempore. Without objection, the gentleman from Arkansas is recognized for two additional minutes.

There was no objection.

Mr. BRIGGS. Will the gentleman yield?

Mr. RAGON. Yes.

Mr. BRIGGS. Has the gentleman any suggestion to make as to the appointment of this committee to handle a matter of so great importance to the Philippine Islands and the Congress, so that we can be sure that the divergent views that are entertained shall be represented on the committee, so that the Congress may have the full benefit of the conclusions which are reached and not have, perhaps, just a reflection of a one-sided opinion or a confirmation of impressions that already exist?

Mr. RAGON. I agree with the gentleman, and I think that is the purpose of the bill, and I think that is in the minds of the proponents of the measure and the Speaker of the House. I think it would be quite unfortunate to put on the committee a solid group of either Republicans or Democrats, and I think, as the gentleman from Wisconsin suggested, it would be an unfortunate thing if all those who are on the committee were unqualifiedly in favor of immediate independence; and, on the other hand, I think it would be quite unfortunate if everybody on the committee was against it.

Whether the Philippine Islands are now ready for independence is beside the question in respect of the issues involved in this bill. So far as I am concerned, my attitude is known in the committee; but I do think that in the absence of any plan to give them independence at any time in the future, that the best step and the most sensible step that this Congress and succeeding Congresses can take, would be to have a committee that would go there and not stay a month, but, if necessary, stay two months; go into the interior of that country; see their products, their natural resources, and then bring back to the Congress some first-hand information upon which we can depend in order to properly legislate for these people. [Applause.]

Mr. HOOPER. Mr. Speaker and gentlemen, I do not like the casual way in which the gentleman from Missouri [Mr. COCHRAN] referred to the proposed "joy ride" of members of the commission to be appointed by the Speaker. If that is a "joy ride," I took a joy ride to the Republic of Panama, and it was one of the best rides I ever took in my life. I came home more full of information gained in the space of 20 days than I could have gotten at home in my life. The information that I acquired will be useful to me as long as I remain a Member of Congress and the rest of my life. I think "joy rides" of this kind are essential in such matters. A Congressman can go and inform himself about matters of which he has very little knowledge and come back and give that information to Congress; he does more than that, he carries information to his district for which his friends and constituents are truly thirsty.

I have been used to public speaking all my life in one way or another, and I do not believe I was ever able to interest the people in what I said as I did when I came home and told them about the little time I spent in Haiti and on the Isthmus of Panama learning about that great governmental institution, the canal.

The Philippines are an empire; we are legislating for an empire and know shockingly little about it. It extends from

near Formosa on the north almost to the great island of Borneo on the south, more than 1,000 miles. It has more than three times as many people as the thirteen Colonies contained when they became the United States of America.

How are we going to find out, how are we going to act intelligently, how are we going to legislate for the benefit of eleven or twelve million human beings unless from time to time Members of the legislative branch of the Government go there and inform themselves about it?

I do not expect to be one of the members of that commission going on the "joy ride," as the gentleman from Missouri calls it. But I want to see Members of this House go there; I want them to get the information first hand that will enable them to go from Luzon on the north to Sulu on the south; I want them to see what I have read about, but of which I know nothing from observation. I want them to come back and tell us what they saw, and I hope there will never be any question when a bill such as this one comes before the House of Representatives upon the part of any person about sending the very best and the very wisest men we can from this body to bring back that information which we need and which the people of the Philippine Islands need so that we may have proper legislation for these people.

There will always be a division in Congress as to whether it was best for the United States to acquire the Philippine Islands, but they are the possessions of the United States to-day, and in all human probability they will be a part of our territory for many and many a long year to come, at least until we are convinced beyond the shadow of a doubt that the people of those islands, so well represented by this able lawyer, the Resident Commissioner from the Philippines [Mr. GUEVARA], are capable of self-government. [Applause.] We will never cast them adrift until we are satisfied that they will become the prey and victim of nations ready and eager to take up the task where we laid it down. [Applause.]

Mr. QUIN. Mr. Speaker, I move to strike out the last word.

The SPEAKER pro tempore. The gentleman from Mississippi is recognized for five minutes.

Mr. QUIN. Mr. Speaker and gentleman, in my judgment this is a wise bill, though, as was stated by the gentleman from Arkansas [Mr. RAGON], it may be necessary to amend it in some particulars. It was my pleasure to go to the Philippine Islands not long since. I rode in an automobile from north to south of the island of Luzon. Our people in the United States are trustees, and this Government of ours acts in a measure as a trustee for the Philippine Islands. If I had my way about it, that race of people would be given their independence; but since this Government does not see fit to follow that policy, there is an obligation resting upon this Congress to see to it that the very best thing possible is at all times done for what I conceive to be an oppressed people, who, if properly treated, have a great future before them.

The people in those far-distant islands are rapidly developing, and as an evidence of their civilization we have this distinguished gentleman on the floor of the House, who represents them, the Commissioner from the Philippine Islands [Mr. GUEVARA]. Then, also, there is our friend Senator Quezon, president of the Philippine Senate, and an able man does not live in the Orient than Mr. Quezon. These gentlemen are a type of the high-class citizenship who are there, but it seems that the propaganda put over this country through newspapers and magazines and on every boat that carries anybody to the Philippine Islands, has been more or less successful. Even before you are off the Government transport propagandists are there telling you that the people of the Philippine Islands are not capable of self-government.

The United States Congress ought to familiarize itself with the conditions there, and with the people and with the chances that they would have in the future. This committee provided for would be appointed by the honorable Speaker of this House, not from people holding one view but from people of different views. There are some people who think that the people of the Philippine Islands ought never to have their independence; some who think they should not have the chance. We know that they will not have the chance if you are going to cut off their imports into the United States. If we are going to hold the islands, let us do what is just. Our trade relations with that little Republic depends upon a sensible Congress. Instead of talking about stopping their imports from coming into this country, or cutting off the reciprocal relations that exist and putting them on a parity with foreign nations, we ought to be encouraging reciprocal relations. The idea of cutting off their imports seems to me to be utter nonsense. It will not alone affect their commerce but it will be detrimental to the success of the Filipino people as a nation.

They are not a homogeneous people. There are many classes and different strata. They have poor people just like we have in the United States. They have some few rich, cultivated, and cultured people. I never saw anywhere in the United States a more refined and elegant set of ladies than I saw at some of the entertainments I attended in the city of Manila. I have attended entertainments in practically 15 States of this Union, in the most cultivated and refined homes, and I pledge you my word that the swarthy-complexioned ladies who have been cultivated and trained and who attended those entertainments in Manila had all of the earmarks of refinement and culture and I might even say of aristocracy. The people of this country do not understand, because of this propaganda, what the Filipino people stand for and what prospects they have if they are given a chance. Up to this minute since our Government took over these islands they have not been given the chance that they are entitled to, in my humble judgment. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from Mississippi has expired.

Mr. GUEVARA. Mr. Speaker and gentlemen of the House, I am rising now to give my hearty support to the bill introduced by the gentleman from New York [Mr. WAINWRIGHT] providing for the biennial appointment of a board of visitors to inspect and report on conditions in the Philippine Islands.

I regard the provisions contained in the bill now under consideration as a constructive step to be taken to put the Congress of the United States in a close contact with the people of the Philippine Islands. This should have been done long ago. A frequent visit on the part of the Members of the Congress of the United States to the Philippine Islands will convey to its inhabitants the great interest that this Government takes on their behalf and its desire to know conditions and needs requiring the enactment of necessary legislation.

This visit will have the effect of promoting mutual sympathy and friendliness between the two peoples while living under the shadow of the same flag and protection of the same Government.

The state of isolation which has characterized the relationship between the United States and the Philippine Islands has given rise to some kind of misconception of such relationship on the part of a group of the American people. Why? Because the Philippine Islands, which are 10,000 miles away from Washington and 7,000 miles from the nearest port of the United States, can not be fairly known by the American people unless their Representatives in Congress visit that country as frequently as they can.

The passage of the bill now under consideration will also facilitate a mutual understanding between Americans and Filipinos, whose present problems demand an immediate solution. One of the effects of the state of isolation in which the Philippine Islands has been placed in relation with the United States is the move now on foot on the part of the people of a certain section to curtail the free-trade relations existing between the two countries. The American people as a whole have always considered the Philippine Islands as a foreign country, and they have but a slight idea as to the true nature of the aims and purposes of their Government toward the Philippines.

This movement to curtail the free-trade relation between the United States and the Philippines is causing a tremendous financial loss in the business life of the islands. Native capital is frightened by this movement and is now lying idle in the bank chests. American capital which is needed for the economic development of the Philippine Islands, in accordance with the program of the United States Government, is naturally fearful of making investment in view of the proposed curtailment to our free-trade relations. Uncertainty is now the characteristic of the business life in the islands. It is a miracle that business in the Philippines has not come to a standstill. In a word, Mr. Speaker, there is a tremendous economic crisis in the Philippines in view of the proposed curtailment of the existing free trade. If the board of visitors created by the bill now under consideration had been approved two years ago when it was first introduced by its author, this agitation for free-trade curtailment would not have taken place. I am afraid, Mr. Speaker, that this unfortunate situation now prevailing in the islands may cause a depression also on the cotton textile trade from the United States. The Philippines are one of the best customers for exports of cotton textile from the United States, as was recently testified before the House Ways and Means Committee. Depression in the Philippines will, of course, reduce the purchasing capacity of the Filipino people for cotton textiles as well as other American products. [Applause.]

Before concluding I wish to congratulate the author of the bill now under consideration, the gentleman from New York [Mr. WAINWRIGHT], for his constructive plan to place the Congress of the United States in a position to acquire true knowl-

edge and information regarding the Philippine Islands and its people.

Mr. UNDERHILL. Mr. Speaker, will the gentleman yield?

Mr. GUEVARA. Yes.

Mr. UNDERHILL. Does the gentleman not think that as well as informing Members of Congress of affairs over there the view of such a committee would be very informing to the Filipino people of the attitude of this Nation, and the general character of the men who are its representatives?

Mr. GUEVARA. Yes; I think so.

Mr. WAINWRIGHT. Mr. Speaker, I move to strike out the last word, and ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER pro tempore. Without objection, it is so ordered.

Mr. WAINWRIGHT. Mr. Speaker, and gentlemen of the House, everything that could be said in favor of this bill, everything that I, as the sponsor for and introducer of this measure, might have said, every reason that could be advanced for its passage, has already been said and so well said, probably so much more cogently and better said than I could say it myself, that I would not be justified in consuming much more of the time of the House on this measure. May I express my great gratification at the turn this debate has taken, my enthusiasm, one might say, at the sentiments expressed and the attitude which the gentlemen who have spoken have assumed toward this measure and toward our duty and relation to the Philippine Islands. The character of the debate and the views expressed here justify the enthusiasm, the respect, the regard that I have for this body in which I have the honor to serve.

This is not a new proposition nor a new measure. This bill, substantially in its present form, passed this House unanimously in the last Congress.

The proposed procedure has been recommended by the President of the United States. I violate no confidence in saying that I had, or until the day he left for the Philippine Islands had—I have not had the honor of hearing from him in regard to it since then—the very great approval of the present Governor General of the Philippine Islands, whom you remember made a notable visit to the Philippine Islands some two years ago. No one can go to the Philippines and not realize the enormous responsibility which rests upon our country in regard to the future of this people. As the gentleman from Arkansas [Mr. RAGON] said, the Philippines are a great empire. We should particularly realize the grave responsibility resting upon the Congress of the United States to promote the prosperity and the progress and to develop and safeguard the future of this great island empire. They stretch for a thousand miles in length, are several hundred miles across, and have more than 11,000,000 people. No one who visits them, as I have, can fail to be impressed with the lack of the knowledge of our people of these islands; yes, with the lack of interest that our people have displayed in these brothers of ours for whose fate we have been made responsible. One of the resolutions which I made when I returned from the Philippines after my election but before I took my seat in Congress was to try to establish procedure such as this as a link, you might say, between the Congress of the United States, which is the branch of our Government charged with the fundamental responsibility with regard to these islands and the people and government of the islands themselves.

It is indeed remarkable, Mr. Speaker, in the light of the responsibility we have assumed toward these islands, and in view of all the perplexing questions and situations that have arisen from our relation with them, that no provision has been made in all these years for authoritative and official visits to the islands on the part of the branch of the Government primarily concerned with all fundamental policies and measures. Let us not forget that under the Constitution the responsibility rests directly on Congress. In my judgment, that responsibility can not be satisfactorily met, or our duty fully performed, except by periodic visits by authoritative representatives of the Congress itself as here proposed. The great advantage that must ensue, can not fail to more than justify the comparatively trivial expense involved. Also, the advantage of regular and periodic visits must be obvious. Again, advantage will come not only from the informative value of such visits but from the inevitable gratification which the people of the islands themselves will derive from this manifestation of the interest and concern in their welfare by the direct representatives of our own people.

Mr. JENKINS. Will the gentleman yield?

Mr. WAINWRIGHT. I will.

Mr. JENKINS. It is the fact that the gentleman is the author of this measure, the original measure.

Mr. WAINWRIGHT. I am glad to assume full responsibility for it.

Mr. JENKINS. One question, and I do not think this was brought out heretofore as I am able to gather. Does not the gentleman think that the establishment of a biennial visit to the Philippine Islands by a committee on a permanent basis will have a tendency to induce the Philippine business men, those who have the problems in the island to face, to gather themselves together and be a medium by which our commission sent over there can take up those problems and thereby sew both countries together, so as to be of great benefit both to this country and the Philippine Islands?

Mr. WAINWRIGHT. Of course, I do. It will establish a direct medium of communication between our people and their people and their government and our Government, which has never yet existed and can not fail to increase the mutual regard and improve the relations between the two peoples.

Mr. SCHAFER. Will the gentleman yield?

Mr. WAINWRIGHT. I prefer not to do so just now. I have been so glad to hear the distinguished Delegate from the Philippine Islands express himself as he has in favor of this measure. I consider this is a procedure not only for the immediate future but for all time, for so long as we are charged with the responsibility of exercising sovereignty over those islands, and caring for the relations between the Philippines and the United States. [Applause.]

Mr. DENISON. Mr. Speaker, I move to strike out the last three words. Mr. Speaker, I came into the Chamber after most of the discussion on this resolution was over. I have read the report and I have taken the floor to say that I am in favor of it. I remember very well when we commenced to expand after the Spanish War, and we took over Porto Rico, Cuba, and the Philippines; there was a great national campaign in this country in which the question of imperialism on the part of our Government in taking over these islands was the paramount political issue. It was often stated during that campaign that our Government was not suited to governing distant possessions, and there was some force in that argument; it was claimed that Members of Congress will not take an interest, will not take sufficient interest in such insular possessions to enable them to legislate intelligently for them. Now, I have always endeavored since I have been a Member of Congress to induce the Members to visit our distant possessions and become better acquainted with them, to learn something about those peoples and the conditions which exist there in order to enable us to legislate intelligently and govern them properly. But it has been very difficult.

I might mention the Panama Canal Zone. We have a community down there of 50,000 or 60,000 Americans, our own citizens. They have no right to vote. They have no representative in Congress. And yet they have all the same problems that we have in this country and many more besides; and we have the greatest project down there that any government ever had—the Panama Canal. Congress has to legislate for them, and we are the only ones that can legislate for them. Yet the average Member of Congress does not feel enough interest in the welfare of our people down there to go there and study their conditions. In order to induce Members of Congress to go to the Panama Canal Zone and study the conditions there in order to enable them to legislate more wisely, the Government furnishes to Members free transportation to and from the Canal Zone any time they wish to go; yet even with that inducement not many Members go down there.

I have taken the floor to emphasize this point, that it is important for the Members of Congress to visit these insular possessions and become acquainted with conditions there, so that we can legislate more wisely for them, and such a trip ought not to be called a "junket" or a "joy ride." That sort of loose remark injures the cause of the people who are dependent upon us for legislation; and the Members of this body and of the Senate ought, when they can, so long as we have jurisdiction of these possessions and so long as we have to govern them from here, to take advantage of every opportunity they have to visit them and study their conditions.

I think this bill now under consideration is a great step in the right direction, and we ought to do this not only with reference to the Philippines, but also with reference to Porto Rico and the Virgin Islands and Hawaii.

Mr. UNDERHILL. And Alaska?

Mr. DENISON. And the Members ought to take some such action to get better acquainted with conditions in Alaska, and, as I have just said, with the people on the Canal Zone. The people on the Panama Canal Zone have to have laws the same as we have here, and there is often need of changes in those laws. And yet there is no one to do it unless Congress does it.

As chairman of the subcommittee on the Panama Canal, I go down there as often as I can. I spend my own money in studying conditions down there. Some day soon when I can have opportunity I am going to address the House on the conditions on the Canal Zone. There is every reason why we should take this action now and provide for an official committee to visit the Philippines and get information for the benefit of Congress in considering any legislation that may be needed in carrying out our great responsibilities toward those people.

Mr. KIESS. Mr. Speaker, I yield five minutes to the gentleman from Pennsylvania [Mr. SHREVE].

The SPEAKER pro tempore. The gentleman from Pennsylvania is recognized for five minutes.

Mr. SHREVE. Mr. Speaker and Members of the House, I have been deeply interested in the discussion this afternoon, because it has been my good fortune to spend some time in the Philippines. I have been greatly interested in the intelligent and splendid people who live over there. I want to speak not only in the interest of the Filipino but of Americans in the Philippines. Not much has been said about the American side of it. That is the reason why I rise on this occasion, to let you know a little of what our own people are doing over there at the present time.

Of course, you gentlemen know that for eight years I have been handling appropriations for the Department of Commerce, and during those eight years we have had our attachés and trade commissioners visit the various countries of the world. One of those countries, I am happy to say, is the Philippine Islands. It was natural that I should be interested in the work being done there in connection with international trade, and to ascertain whether it was really a worth-while proposition or not. I was invited one night to a banquet given by one of the great American commercial companies of the United States. I was invited to attend that banquet to meet their traveling men. I suppose that night there were 20 of their representatives from 20 different countries, and I want to say to you that they were speaking not less than 20 different languages. Many of them came there speaking through interpreters.

After I had left the islands and had gone over to China, one day I was riding along in a ricksha and I saw a little mark on the tire of the vehicle which caused me to ask the ricksha driver to hesitate a moment. I found on examination that that tire was made in my city, and I found that that same tire was sent out to the Philippines and distributed from that point along with many other things that they were distributing.

I want to say to the House that we should pass this bill for no other purpose or reason than that Manila is a distributing point of great value to American business. The Philippine Islands are in the Orient along the edge of China; China will offer great possibilities; we find that the Philippine people can manufacture anything and do it more cheaply than we can do it; and the longer I stayed the more I was pleased and delighted with what I found there, and I rejoiced to learn how glad those people were that the Philippine Islands were a part of the United States of America. I found that the Filipinos were proud of the fact; when they came here to the United States they were able to meet on an equality.

I never discussed the question of independence. In fact, I was the guest of Senor Osmeña, the president of the Philippine Senate, for a week, and he did not discuss the question of independence. We talked of other things. I was also a guest of a leader on the other side. I was honored by having a visit with General Aguinaldo for half an hour, and I know how he feels on these questions.

I do not intend to quote him, but I want to say to you that I found nothing from the highest to the lowest but splendid friendship for the people of the United States, and I am heartily in favor of this bill.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has expired.

Mr. PERKINS. Mr. Speaker, I ask unanimous consent that the gentleman's time may be extended for one minute.

The SPEAKER pro tempore. The gentleman from New Jersey asks unanimous consent that the gentleman from Pennsylvania may proceed for one additional minute. Is there objection?

There was no objection.

Mr. PERKINS. I would like to ask the gentleman if he knows of anything that will interrupt the pleasant relations between the Philippine people and the American people quicker than to put restrictions on their imports to this country?

Mr. SHREVE. The gentleman is absolutely right about that. [Applause.] We must leave conditions just as they are. We now have the confidence of the Philippine people and have had that confidence for many years. I do not feel that at this time

we should do anything that would cause them to lose that confidence. I will say to the distinguished gentleman from New Jersey that I fully agree with him.

The SPEAKER pro tempore. The time of the gentleman from Pennsylvania has again expired.

Mr. TILSON. Mr. Speaker, I rise in opposition to the pro forma amendment. It seems to me that this bill is distinctly worth while, for the many valid reasons which have been cited by others who have taken the floor before me. One point, however, it seems to me, has not been impressed as it might be. Much has been said about the information which the members of the proposed board will bring back from the Philippines, and this, of course, is important. I, for one, believe that Members of Congress should visit the places on this globe where this country has great interests just as often as possible and learn just as much about them as possible. I have no patience with people—newspaper correspondents and others—who continually refer to these trips of Members of Congress as junkets, joy rides, and things of that sort. [Applause.] Such characterization of trips of this character is entirely out of place. It is misleading and very unfair as well as unjust to Members of Congress who honestly and earnestly seek for information concerning matters with which we must deal here in this House.

Mr. THURSTON. Will the gentleman yield?

Mr. TILSON. Yes.

Mr. THURSTON. Is it not true that great corporations require some of their officers to visit their outlying plants?

Mr. TILSON. Of course they do, and the corporations pay for the visits, whereas most of the Members of Congress who visit these places do so at their own expense. Yet they are glad to do it, because they realize the benefits flowing from such visits.

I think that the board to be appointed under this bill will probably render its greatest service not by the amount of information which its members may bring back—because such information, to a certain extent, might be gathered through other sources—but by the benefit to the relations between us and those people that will flow from the appointment of an official board by this country to visit them. Such an official board will have a great effect upon the people there. It will seem to them that this great Government of ours has a particular interest in them sufficient to justify us in appointing an official board to visit them to hear anything they may have to say in the way of grievances, protests, requests, or anything else they may wish to submit. It seems to me that perhaps the very greatest good that will flow from the appointment of such a board will come in this way. I regard it as of very considerable importance that the people of these distant lands, bound to us by the ties now existing, should understand how deeply we are interested in them and their well-being. [Applause.]

Mr. GARRETT of Tennessee. Mr. Speaker, I move to strike out the last four words. The sentiment of the House is manifestly practically unanimous in favor of this resolution and sufficient argument, I think, has been made to justify it in the public mind and to prevent any sort of public criticism of the Congress from any who are at all thoughtful for passing this resolution and sending some of its Members to the Philippine Islands each year for the purpose of studying questions growing out of our relations with that people.

This is a thing which I have long thought ought to be initiated. Out of 24 years of service in the House, something like 18 years, as I now remember it, were spent by me as a member of the Committee on Insular Affairs. I was appointed to that committee to fill a vacancy that occurred during my first term, and I served on it until a few years ago when I retired from all committees of the House except the Committee on Rules. I had the honor of being chairman of that committee for a brief period. I was associated very closely with those who drafted the present organic law of the Philippine Islands, commonly known as the Jones Act, as well as the Porto Rican act.

Yet in all this time, charged with a responsibility of legislation, conditions were never such as that I was able to visit the Philippine Islands. Notwithstanding I sometimes think I gave more attention to them than anything else in my entire service here, I never felt I had the real grasp of the situation there that gave me as good equipment as I would like to have had, at least, in dealing with legislation affecting that people.

I do not know why this has not been done long ago. It ought to have been done. I know it ought to be done now; at least, I feel so.

Let me say this further word, not exactly upon this resolution but in view of some of the questions that have been asked here this afternoon. I think it was in the first Congress of which I became a Member, the Fifty-ninth, or if not, the Six-

tieth, that the free-trade relations were established by law between the United States and the Philippine Islands.

Prior to this time duties had been levied on products coming in from the Philippines and I believe duties levied on products that we exported to the Philippines, the revenues going into the Philippine treasury. President Taft, then Secretary of War, who had been the first Governor General of the Philippines, had such a keen sense of justice upon this subject as that he was perhaps the leading advocate of the establishment of the free-trade relations between the Philippine Islands and the United States. There were many at that time in the party of which Mr. Taft was a member who were very reluctant. Upon the Democratic side there were some who were also reluctant, not so much because of the economic ideas involved as because of a belief that the establishment of free-trade relations between the Philippine Islands and the United States would postpone the day of independence. This was particularly true of some of the strong "independence" people upon my side of the Chamber. But all that was overcome and, as I remember it now, by a pretty unanimous vote—I have forgotten just what the vote was—we established those relations.

I just want to say in passing—I shall not be here to deal with it—that to my mind it is inconceivable that this Government now will turn the hands of the clock back to where they stood 25 years ago. [Applause.] I do not anticipate that anything of that sort is going to happen. [Applause.]

Mr. KIESS. Mr. Speaker, I ask unanimous consent to return to section 1 of the bill in order that I may offer a perfecting amendment.

The SPEAKER pro tempore. The gentleman from Pennsylvania asks unanimous consent to return to section 1 for the purpose of offering a perfecting amendment. Is there objection?

There was no objection.

Mr. KIESS. Mr. Speaker, I offer an amendment. On page 2, line 5, at the end of the line, strike out the period and insert "and shall appoint a clerk and fix the compensation of said clerk."

The SPEAKER pro tempore. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KIESS: Page 2, line 5, after the word "members," strike out the period and insert "and shall appoint a clerk and fix the compensation of said clerk."

Mr. UNDERHILL. Mr. Speaker, I want to ask my chairman if this provides that the commission or committee shall fix the salary or is that left with the Committee on Accounts, as the rest of the fiscal relations of the bill are left?

Mr. KIESS. The bill provides that the board shall select a chairman from its members and this amendment provides for the selection of a clerk. My attention was called to the fact that section 2 provides for the expenses of the clerk, along with the members, but there is no provision made for the selection of the clerk or the pay of the clerk. This will leave it to the members of the commission.

Mr. UNDERHILL. In the second section, is it not left with the Committee on Accounts?

Mr. KIESS. The expenses are to be paid out of the contingent fund, with the approval of the Committee on Accounts. This does not change that part.

Mr. UNDERHILL. The clerk is a part of the expense.

Mr. KIESS. There is some ambiguity in the second section where it says "actual expenses for travel of such members and a clerk."

Mr. UNDERHILL. That is for the traveling expenses of the clerk. Now, you provide further on, in section 2, for the payment of the clerk.

Mr. BANKHEAD. No; if the gentleman will pardon me, I took the liberty of calling this ambiguity in the bill to the attention of the gentleman from Pennsylvania [Mr. KIESS]. If the gentleman from Massachusetts will get the text of the bill and read the second section he will see it carefully provides for the payment of the traveling expenses of the members of the commission and a clerk, but nowhere in the bill, unless the amendment now proposed is adopted, is there any authorization for the employment of a clerk by the commission or the fixing of his compensation.

The amendment was agreed to.

Mr. KIESS. Mr. Speaker, I ask unanimous consent to return to section 2 of the bill in order that I may offer a perfecting amendment.

The SPEAKER pro tempore. The gentleman from Pennsylvania asks unanimous consent to return to section 2 of the bill for the purpose of offering an amendment. Is there objection?

There was no objection.

Mr. KIESS. Mr. Speaker, I offer an amendment. Line 8, page 2, strike out the word "a" and substitute the word "such"; and also in line 13 of the same page, strike out the word "a" and substitute the word "such."

The SPEAKER pro tempore. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KIESS: Page 2, line 8, after the word "of," strike out "a" and insert in lieu thereof the word "such"; and also in line 13, strike out the word "a" and insert in lieu thereof the word "such."

The amendment was agreed to.

Mr. KIESS. Mr. Speaker, I move that the debate on this bill be now closed.

The motion was agreed to.

The SPEAKER pro tempore. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. KIESS, a motion to reconsider the vote whereby the bill was passed was laid on the table.

Mr. LOWREY. Mr. Speaker, I ask unanimous consent to revise and extend the remarks I made in the House this afternoon.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

THE SAMOAN GROUP OF ISLANDS

Mr. KIESS. Mr. Speaker, I call up Senate Joint Resolution 110, on the Union Calendar, and ask unanimous consent that it be considered in the House as in Committee of the Whole.

The SPEAKER pro tempore. The gentleman from Pennsylvania calls up the Senate Joint Resolution 110, and asks unanimous consent that it be considered in the House as in Committee of the Whole. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Joint resolution (S. J. Res. 110) to provide for accepting, ratifying, and confirming the cessions of certain islands of the Samoan group to the United States, and for other purposes

Whereas certain chiefs of the islands of Tutuila and Manua and certain other islands of the Samoan group lying between the thirteenth and fifteenth degrees of latitude south of the Equator and between the one hundredth and sixty-seventh and one hundred and seventy-first degrees of longitude west of Greenwich, herein referred to as the islands of eastern Samoa, having in due form agreed to cede absolutely and without reserve to the United States of America all rights of sovereignty of whatsoever kind in and over these islands of the Samoan group by their acts dated April 10, 1900, and July 16, 1904: Therefore be it

Resolved, etc., That (a) said cessions are accepted, ratified, and confirmed as of April 10, 1900, and July 16, 1904, respectively.

(b) The existing laws of the United States relative to public lands shall not apply to such lands in the said islands of eastern Samoa; but the Congress of the United States shall enact special laws for their management and disposition: *Provided*, That all revenue from or proceeds of, the same, except as regards such part thereof as may be used or occupied for the civil, military, or naval purposes of the United States or may be assigned for the use of the local government, shall be used solely for the benefit of the inhabitants of the said islands of eastern Samoa for educational and other public purposes.

(c) Until Congress shall provide for the government of such islands, all civil, judicial, and military powers shall be vested in such person or persons and shall be exercised in such manner as the President of the United States shall direct; and the President shall have power to remove said officers and fill the vacancies so occasioned.

(d) The President shall appoint six commissioners, two of whom shall be Members of the Senate, two of whom shall be Members of the House of Representatives, and two of whom shall be chiefs of the said islands of eastern Samoa, who shall, as soon as reasonably practicable, recommend to Congress such legislation concerning the islands of eastern Samoa as they shall deem necessary or proper.

(e) The sum of \$25,000, or so much thereof as may be necessary, is hereby appropriated, out of any money in the Treasury not otherwise appropriated, and to be immediately available, to be expended at the discretion of the President of the United States of America, for the purpose of carrying this joint resolution into effect.

Mr. KIESS. Mr. Speaker, Senate Joint Resolution 110, which provides for accepting, ratifying, and confirming the cessions of certain islands of the Samoan group to the United States has been given careful consideration, and this resolution has the unanimous indorsement of the committee.

These islands form what is now known as American Samoa. A brief reference to the historical background of these islands is given in the report accompanying this resolution:

Prior to 1898 the Samoan Islands were governed as an independent kingdom. When King Malletoa died, in that year, the Samoans were unable to agree upon the choice of his successor and disorders arose. These became so pronounced that in March, 1899, naval craft of the United States and Great Britain shelled some of the Samoan villages and subsequently, on April 1, 1899, landed a force which participated in hostilities at close range, the Samoans finally yielding.

The following year the United States, Great Britain, and Germany divided the Samoan Islands by treaty, which the Senate ratified on February 13, 1900. The United States thus fell heir to the island of Tutuila and others of the group, which constitute what is now known as American Samoa. On February 19, 1900, an Executive order was signed by the President, reading as follows:

"The islands of Tutuila, of the Samoan group, and all other islands of the group east of longitude 171° west of Greenwich are hereby placed under the control of the Department of the Navy for a naval station. The Secretary of the Navy shall take such steps as are necessary to establish the authority of the United States and to give to the islands the necessary protection."

The Secretary of the Navy issued an order conforming thereto on the same date.

The islands of American Samoa from east to west are Rose Island, Tau, Olosega, Ofu, Aunuu, and Tutuila. The islands of Tau, Olosega, and Ofu are generally known as the Manua group, while the island of Aunuu is embraced in the name of "Tutuila." Rose Island is a coral atoll, uninhabited, and of practically no value. Two hundred and ten miles to the northward of Tutuila lies Swains Island, the United States sovereignty over which was extended by a joint resolution of Congress approved March 4, 1925. It thus became part of American Samoa. Pago Pago (or Pango Pango) Bay nearly cuts the island of Tutuila in twain and furnishes the safest and best harbor in all the South Seas.

On April 17, 1900, the high chiefs of Tutuila, without solicitation, ceded the islands of Tualitu and Aunuu to the Government of the United States, and by deed signed July 14 and executed July 16, 1904, the islands of the Manua group were ceded to the United States. The preamble of the cession of Tutuila recites that the step is taken "for the promotion of the peace and welfare of the people of said islands, for the establishment of a good and sound government, and for the preservation of the rights and property of the inhabitants of said islands," and goes on to declare that "the chiefs, rulers, and people thereof are desirous of granting unto the said Government of the United States full power and authority to enact proper legislation for and to control the said islands, and are further desirous of removing all disabilities that may be existing in connection therewith and to ratify and confirm the grant of the rule of said islands heretofore granted," etc. It was the understanding that the United States was "to erect the same as a separate district to be annexed to the said Government, to be known and designated as the district of Tutuila."

It was not until July 21, 1902, that official recognition of the cession of Tutuila was made by the President, when Theodore Roosevelt sent a greeting to the chiefs and people expressing the great appreciation of the people of the United States in receiving the islands, and stating that the local rights and privileges would be respected. A watch, a medal, and a diploma were sent to each signer of the deed of cession. Similar recognition was made of the 1904 cession.

Since that time the government of American Samoa has been administered by a naval officer, in whom has been vested supreme executive, legislative, and judicial power.

Although acknowledged by the President, the cessions of 1900 and 1904 have never been acted on by Congress. The enactment of legislation for the islands, which was one of the stated purposes of the cession, has not been accomplished.

The United States in taking over this group of islands was particularly desirous of obtaining the use for naval purposes of the harbor of Pago Pago, on the island of Tutuila, where a naval station has since been established. The Samoans, by the action of their high chiefs, were particularly anxious for the establishment of a good and sound government. They had every reason to believe that when they surrendered the sovereignty of their islands they would become citizens of the United States. At the present time they are not citizens of the United States. The American flag flies over Pago Pago, but the citizens are only citizens of American Samoa.

The inhabitants are of the Polynesian race, a race which has produced magnificent specimens of the human race. They are a peaceful, gentle, kindly race, proud in bearing, still very primitive and backward as compared with the white races. They still live much as did their forefathers.

The present government is unusual and the result only of Executive orders. In many respects the government has been good for the Samoans, inasmuch as it has prevented the alienation of their lands and taken care of their physical well-being. There is, however, a lack of continuity in the administration and certain features of the administration which need correction, particularly with respect to the judiciary.

The joint resolution is intended to provide for the ultimate remedying of this situation. It makes provision for (a) acceptance, ratification, and confirmation of the cessions of these islands of eastern (American) Samoa.

It specifies (b) that Congress shall enact special laws for the management and disposition of public lands in the islands and that the revenues derived therefrom shall be used for the benefit of their inhabitants.

It further stipulates (c) that until Congress shall provide for the government of the islands, civil, judicial, and military powers shall be vested in such persons as the President shall direct.

Finally, the resolution provides for a commission to be appointed by the President, composed of 6 members, 2 of whom shall be Members of the Senate, 2 of the House of Representatives, and 2 of whom shall be chiefs of the islands, to recommend to Congress necessary and proper legislation concerning the islands.

Due to many causes, the islands of western Samoa, now under the mandate of New Zealand, have been disturbed by civil difficulties. Many of these difficulties are due to a lack of understanding of the psychology of the Samoans and to the particular circumstances existing in the islands. There has been some agitation and some uneasiness as to the ultimate decisions of the United States Government, so that it is believed that the passage of this joint resolution will make for a better understanding in this little community. [Applause.]

Mr. MORTON D. HULL. Will the gentleman yield for a question?

Mr. KIESS. Yes.

Mr. MORTON D. HULL. What is the explanation of the fact that while the islands were acquired more than 25 years ago no legislative action, apparently, like this has been taken?

Mr. KIESS. That is rather hard to explain. We had almost a similar condition in the Virgin Islands. It was not until 10 years after we acquired them that we gave them citizenship; that was done at the close of the Sixty-ninth Congress. You will also remember that neither Porto Rico nor the Philippines had an organic act until 1916, 18 years after we took them over. I should say that it has been largely the neglect of Congress.

Mr. DENISON. I would like to say that I think the reason that there has been no action by Congress is that Congress did not have the necessary information.

Mr. MORTON D. HULL. Mr. Speaker, I move to strike out the last word in order to get some information. What has been the government of the Samoan Islands during this interval?

Mr. KIESS. They were accepted by the President of the United States and placed under the control of the Navy Department. There is a naval station and a naval officer who governs Samoa.

Mr. MORTON D. HULL. What kind of a civil government does he administer?

Mr. KIESS. He is the government.

Mr. MORTON D. HULL. How many people are there there?

Mr. KIESS. Nine or ten thousand people.

Mr. MORTON D. HULL. And he issues his decrees in the form of a civil code?

Mr. KIESS. Yes.

Mr. MORTON D. HULL. He is the judge and executioner all in one?

Mr. KIESS. Yes; but we have been very fortunate in having good men in that position; otherwise there would have been more complaints. The government of the islands has been well done by the Navy Department. We have not given the islands the recognition that the native chiefs thought they were to receive when they ceded the islands to the United States. The action provided in the resolution will make them feel that they are a part of the United States. As I said, they are not now citizens of the United States but are citizens of American Samoa. While the United States flag flies over them they are not citizens of the United States.

Mr. MORTON D. HULL. We have provided a civil administration for the Virgin Islands, the gentleman says?

Mr. KIESS. Yes; we did that two years ago, near the close of the Sixty-ninth Congress.

Mr. TILSON. Mr. Speaker, I move to strike out the last word. When the gentleman from Pennsylvania [Mr. KIESS] called up this resolution I asked him to make an explanation of it because of the fact that the action proposed seems somewhat overdue, it being 25 years since the original action was taken referred to in the resolution. As I understand the situation, these islands are practically on the same footing as the island of Guam, in which we have a government under the direction of the Navy Department. An officer of the Navy is the governor; a chaplain of the Navy, I believe, is the superintendent of public instruction of the island. The Navy doctors are the only doctors on the island, and they give free attention

to all the people on the island. There are about 16,000 people on the island of Guam, almost twice as many as there are on the Samoan group covered by this resolution. There has been no complaint, so far as I have heard, from either Samoa or the island of Guam as to the administration of governmental affairs. The administration there by the Navy Department has been beyond all reproach. The people on the island of Guam are eminently satisfied, so far as I was able to ascertain from a personal visit to the island, except that they would like to have the little recognition that they are under our flag and that they belong to some country in the world. I suppose that this is the idea which the gentleman from Pennsylvania wishes to embody in this resolution in connection with the Samoans. They wish by this action to be officially and formally taken under the wing of the United States.

Mr. MORTON D. HULL. This resolution calls for further legislation. It provides for the appointment of a commission.

Mr. TILSON. Yes; and the commission will recommend what further laws and regulations are needed there. Meanwhile I suppose that they will continue under the control of the Navy Department, just as is the case with the island of Guam.

Mr. DENISON. Mr. Speaker, will the gentleman yield?

Mr. TILSON. Yes.

Mr. DENISON. We took over the Panama Canal Zone in 1904.

The fundamental act for the Canal Zone was not passed until 1912. In the meantime Executive orders ruled the Canal Zone, and most of the legislation enforced in that interval between 1904 and 1912 was legislation by the President under Executive order. Some question was raised as to its validity, and in the canal act of 1912 Congress ratified those Executive orders.

Mr. TILSON. I understand that is in effect the situation in these Pacific islands, where Executive orders are tantamount to law.

Mr. JENKINS. And after this commission reports, some sort of an organic law would be adopted?

Mr. TILSON. Yes. It probably will be done after somebody who knows the situation makes recommendation of what the law should be.

Mr. HOCH. Mr. Speaker, will the gentleman yield?

Mr. TILSON. Yes.

Mr. HOCH. The first section provides:

That said cessions are accepted, ratified, and confirmed as of April 10, 1900, and July 16, 1904, respectively.

This is what lawyers would call a *nunc pro tunc* order. Will any consequences flow from now dating back to the ratification of the cession of these islands? Are there any obligations that will arise by virtue of dating back this order, instead of having it take effect now? We provide here that we shall be considered as having taken legal possession of those islands as of those dates after 25 years have gone by. Did the committee give any consideration to what legal or other consequences flow from that side?

Mr. KIESS. That question was raised, and we were advised that there were no reasons why this resolution, if passed, would affect any action that has taken place in these years.

Mr. BANKHEAD. Mr. Speaker, I move to strike out the last word for the purpose of getting a little more light on the question. This is a rather unique legislative and historical situation with which we are confronted. It is apparent here that we are entering by ratification of these old treaties upon some expenditure, and it probably may amount to considerable expenditure out of the Treasury before we get through with the business. Was there any information before the committee as to whether or not these little specks on the horizon out there in the south Pacific had any mineral or agricultural or economic value to the Government of the United States? I do not know whether they are worth \$25,000, and that is the initial appropriation we are making. It seems to me that the information presented here by the committee is very vague and indefinite as to the real value of this proposal to our Government in the future. We have enough troubles out there, it seems to me, now in the Philippines and in the other places where our flag is flying without assuming additional burdens for some inconsequential stretch of territory which we do not know anything about, and that may never be of any economic or strategic value to the Government or the people of the United States. Can the gentleman give us any information whatever on that phase of the matter?

Mr. KIESS. Mr. Speaker, in answer to my colleague I will say, of course, that in the consideration of this measure we did not take the view that we were now planning to buy the islands. We have them, and we are told by the Navy Department that the harbor there is one of the best harbors

in that section of the Pacific, and naturally we are not going to part with it. As to the natural resources and the real economic value of the islands, I think that the Delegate from Hawaii, who has told me that he would ask for recognition in a few minutes, is in better position to tell us about those facts than anyone on the floor, because the Hawaiian Islands are so much nearer to the Samoan group than we are here in Washington. But we are of the opinion that inasmuch as we have accepted these islands by cession we can not turn them adrift. We have done much for them and there is no question but that their condition is much better than are the conditions in what were German and British Samoa, both of which groups are now under the mandate of New Zealand.

There is much more discontent and trouble in those islands than in American Samoa. The Samoans are a proud, sensitive people, and they feel that they have not been properly treated, in view of the fact that they have been brought under our flag, but have never been made United States citizens or given a civil government.

Mr. BANKHEAD. That is entirely responsive to my inquiry, as the gentleman said we are not going to buy the islands, but notice we propose to buy \$25,000 worth of legislative advice. I notice some commissioners are to be appointed. I must confess I am more concerned with regard to the expenditure over there than in reference to the sentimental side of the proposition. I do not see the necessity of authorizing an amount that large just to get some legislative recommendations about what we shall do with those islands through acts of Congress. It seems to me a rather exorbitant authorization. Does the gentleman propose that those commissioners shall go over there to confer with the chiefs of these islands, designated as joint commissioners, or propose they meet half way, or that those chiefs shall come to the city of Washington to negotiate with the representatives of the Congress? What is the program with regard to the expenditure of that \$25,000?

Mr. KIESS. This is a Senate bill, introduced by Senator BINGHAM, who for many years lived in Hawaii. He is naturally interested in the subject, and the resolution was introduced in the Senate and passed and came to our committee. Exhaustive hearings were had, and I will be glad to send to my colleague a copy of these hearings, which will give him more information than I can in the short time at my disposal. However, this report of the Senate bill has the unanimous indorsement of our committee. I believe that when the Delegate from Hawaii speaks he will be able to give additional information.

Mr. BANKHEAD. The gentleman understands I am not opposing the bill. I was merely endeavoring in good faith to get information.

Mr. KIESS. I do understand.

Mr. HOUSTON of Hawaii. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, about 2,300 miles to the southward of Hawaii there lies a small group of islands which has been under the control of the United States flag for some twenty-eight odd years. They only cover a territory of about fifty-seven and a fraction square miles and have only about nine thousand and odd people. It was first discovered in 1722 by a Dutch exploring expedition. We first cast our eyes in that direction in 1878 when there was negotiated a treaty by Mamea for the Samoan Government and the American Government which was ratified by the Senate. That treaty gave to the United States the use of the harbor of Pago Pago. That harbor is the best harbor in that part of the South Seas. It is a hurricane-proof harbor and those of you who are familiar with the history back in 1888 will recall the occasion when three of our men-of-war were wrecked at Apia, Samoa, during the troubles that occurred at that time. There were then lying in the roadstead of Apia 3 German, 3 American, and 1 British ship, and the only ship saved was the British ship, the *Calliope*, which was of a newer character than any of the rest of them. Ours were all wooden frigates. Now along about 1898 the King of Samoa, Malietoa, died and there were fresh troubles as the result of his succession.

We sent another force down there. The Germans sent a force down there, and the British also, resulting eventually in a convention in which the British and the Germans recognized our rights and claims over a certain part of the Samoan group, namely, the island of Tutuila and the Manua group. The British and the Germans arranged a separate negotiation between themselves and the British surrendered to the Germans their right to the part that had been allocated to them, so that the Germans succeeded to the rights and claims, whatever they may have been, to the islands of Savali and Upolu. Upolu is where Robert Louis Stevenson lived for many years and where he died.

That convention, which was ratified here in Washington February 16, 1900, did not cover any rights or titles over the islands, because they were still governed by the native chiefs and kings. But we did want to occupy the harbor, which occupation we had been given the right to by the treaty negotiated in 1878. So, following upon these events, subsequent to the death of Malietoa, during which we lost two officers and two men and the British one officer and two men, the President, by Executive order on February 19, 1900, directed the Navy Department to take over the government and control of the two islands set apart to us in this tripartite convention, and the Secretary of the Navy on his part thereafter issued the necessary instructions setting up those islands as a naval station and directing the commandant of that naval station to take care of their government.

The SPEAKER. The time of the gentleman from Hawaii has expired.

Mr. HOUSTON of Hawaii. I ask unanimous consent, Mr. Speaker, to proceed for five minutes more.

The SPEAKER. The gentleman from Hawaii asks unanimous consent for five minutes more. Is there objection?

There was no objection.

Mr. HOUSTON of Hawaii. The government, by Executive order, having been established, the chiefs of Tutuila and Manua, by two different instruments, made a voluntary cession of their islands to the United States Government, and that in fact was the passing of title to ourselves. In that way, I will remind you, the government of the Republic of Hawaii was passed on to the Government of the United States, only in the case of Hawaii there was a joint resolution passed here ratifying and accepting the cession that had been made by the Republic of Hawaii. This resolution is in effect the same thing, and we are pursuing the same course as was pursued at the time of the annexation of Hawaii. In both instances it was the act of the people of those Territories. In this case it is the act of the people of Samoa, and they have asked, and rightly ask, this, "What has become of this cession we have made to the United States Government?" They are quoted as having said in 1902 that the chiefs and people of Tutuila no longer want to be ashamed that the cession that they have made has had no notice paid to it.

The Secretary of the Navy at that time made a recommendation that the cession be accepted, but no action was taken except that, following upon that recommendation, President Roosevelt sent a communication to the chiefs and people of American Samoa, expressing the appreciation of the people of the United States at receiving the island.

That was in effect one way perhaps of taking over territory, but it is not the way in which the Government usually does such things, and it was not the action of the legislative branch of our Government. They would like to receive a ratification of this cession. They came over of their own free will. They do not complain of the government, but they would like to have the government set up by legislative action rather than by Executive action, which is the case at the present time.

I think that, in brief, explains the question, but I shall be glad to answer questions.

Mr. DENISON. On which one of these islands is our naval station?

Mr. HOUSTON of Hawaii. On Tutuila.

Mr. DENISON. Are there any large towns in that island?

Mr. HOUSTON of Hawaii. The people are mainly in villages. The total population amounts to only 9,000.

Mr. DENISON. The gentleman means on the two islands?

Mr. HOUSTON of Hawaii. On the groups of islands.

Mr. DENISON. How many islands do we get by reason of this cession?

Mr. HOUSTON of Hawaii. We get, I think it is, six islands, small and large.

Mr. DENISON. Are there any Americans there besides the naval officers who have control.

Mr. HOUSTON of Hawaii. Only those who are engaged in the missions. There are several missions there—one of the London Missionary Society, one of the Methodist Church, one of the Mormon Church, and one of the Catholic Church.

Mr. DENISON. The people of these islands belong to the Maori race, do they not?

Mr. HOUSTON of Hawaii. Yes; they are Polynesians—pure Polynesians, of the race to which the Hawaiians belong, the Marquesans, the Tongans, and the Tahitians.

Mr. DENISON. How far are these islands from those on which Apia is located and which now belong to New Zealand?

Mr. HOUSTON of Hawaii. Eighty miles. The island of Upolu is within sight of Tutuila. [Applause.]

The SPEAKER. The time of the gentleman from Hawaii has again expired.

Mr. KIESS. Mr. Speaker, I desire to offer an amendment. On page 3, line 4, after the word "hereby," I move to insert the words "authorized to be."

The SPEAKER. The gentleman from Pennsylvania offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KIESS: Page 3, line 4, after the word "hereby," insert the words "authorized to be."

Mr. BANKHEAD. Will the gentleman allow me to suggest that he include in his amendment the striking out of the words "and to be immediately available."

Mr. KIESS. Mr. Speaker, I accept the amendment to strike out the words "and to be immediately available."

The SPEAKER. Is that offered as a part of the original amendment?

Mr. KIESS. It is.

The SPEAKER. Without objection, the amendment will be modified.

There was no objection.

The SPEAKER. The Clerk will report the amendment as modified.

The Clerk read as follows:

Amendment offered by Mr. KIESS: Page 3, line 4, after the word "hereby," insert the words "authorized to be"; and in line 5, after the word "appropriated," strike out the words "and to be immediately available."

Mr. ABERNETHY. Will the gentleman yield?

Mr. KIESS. Yes.

Mr. ABERNETHY. As I understood the gentleman's statement a while ago, the greatest benefit that will come to the United States is this harbor. That is practically so, is it not?

Mr. KIESS. That is true.

Mr. ABERNETHY. And that is desirable as a base; is that correct?

Mr. KIESS. That is the reason the islands were taken over, as I understand.

Mr. ABERNETHY. And we have had control of them for a number of years?

Mr. KIESS. Since 1900.

The SPEAKER. The question is on the amendment offered by the gentleman from Pennsylvania.

The amendment was agreed to.

The Senate joint resolution was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider the vote by which the Senate joint resolution was passed was laid on the table.

SENATE BILLS REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 432. An act for the relief of Martin E. Riley; to the Committee on Claims.

S. 1109. An act for the relief of Little Rock College, Little Rock, Ark.; to the Committee on Claims.

S. 1979. An act for the relief of the Union Shipping & Trading Co. (Ltd.); to the Committee on War Claims.

S. 2409. An act to amend section 1223 of the Revised Statutes of the United States; to the Committee on Military Affairs.

S. 4250. An act for the relief of David E. Jones; to the Committee on Claims.

S. 4815. An act for the relief of members of the crew of the transport *Antilles*; to the Committee on War Claims.

S. 4819. An act for the relief of Roy M. Lisso, liquidating trustee of the Pelican Laundry (Ltd.); to the Committee on Claims.

S. 4841. An act establishing a fund for the propagation of salmon in the Columbia River district; to the Committee on the Merchant Marine and Fisheries.

S. 4938. An act granting war-risk insurance to the estate of Herbert Toll; to the Committee on Claims.

S. 4981. An act to include in the credit for time served allowed substitute clerks in first and second-class post offices and letter carriers in the City Delivery Service time served as special-delivery messengers; to the Committee on Post Offices and Post Roads.

S. 5040. An act to amend the act entitled "An act reclassifying the salaries of postmasters and employees of the Postal Service, readjusting their salaries and compensation on an equitable basis, increasing postal rates to provide for such readjustment, and for other purposes," approved February 28, 1925; to the Committee on Post Offices and Post Roads.

S. 5127. An act to carry into effect the twelfth article of the treaty between the United States and the Loyal Shawnee Indians proclaimed October 14, 1868; to the Committee on Indian Affairs.

S. 5255. An act for the relief of present and former postmasters and acting postmasters, and for other purposes; to the Committee on Post Offices and Post Roads.

S. 5270. An act to authorize the Secretary of War to donate a bronze cannon to the city of Phoenix, Ariz.; to the Committee on Military Affairs.

S. 5361. An act for the relief of Bertha Hanson; to the Committee on Claims.

S. 5443. An act to enable the Postmaster General to make contracts for the transportation of mails by air from island possessions of the United States to foreign countries and to the United States and between such island possessions, and to authorize him to make contracts with private individuals and corporations for the conveyance of mails by air in foreign countries; to the Committee on Post Offices and Post Roads.

S. 5453. An act authorizing the payment of Government life insurance to Etta Pearce Fulper; to the Committee on Claims.

S. 5474. An act authorizing the Director of the Census to collect and publish certain additional cotton statistics; to the Committee on the Census.

S. 5550. An act to authorize the purchase by the Secretary of Commerce of a site, and the construction and equipment of a building thereon, for use as a constant frequency monitoring radio station, and for other purposes; to the Committee on Public Buildings and Grounds.

S. 5621. An act to repeal paragraphs 127 and 128 of the act entitled "An act to discontinue certain reports now required by law to be made to Congress," approved May 29, 1928; to the Committee on Expenditures in Executive Departments.

S. 5684. An act to amend the War Finance Corporation act approved April 5, 1918, as amended, to provide for the liquidation of the assets and the winding up of the affairs of the War Finance Corporation after April 4, 1929, and for other purposes; to the Committee on Banking and Currency.

S. 5544. An act to increase the membership of the National Advisory Committee for Aeronautics; to the Committee on Naval Affairs.

S. J. Res. 206. Joint resolution to authorize the President of the United States to appoint a Yellowstone National Park boundary commission to inspect the areas involved in the proposed adjustment of the southeast, south, and southwest boundaries of the Yellowstone National Park; to the Committee on the Public Lands.

ENROLLED BILLS SIGNED

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H. R. 3955. An act for the relief of the C. Tisdall Co., Herbert W. Smith, Newman Bros., Thomas J. Murphy Co., formerly Edward A. Brown Co., and Giles P. Dunn, Jr.;

H. R. 4258. An act to authorize credit in the disbursing accounts of certain officers of the Army of the United States and for the settlement of individual claims approved by the War Department;

H. R. 7166. An act to allow credit in the accounts of disbursing officers of the Army of the United States on account of refunds made to purchasers of surplus war supplies;

H. R. 15386. An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1930, and for other purposes;

H. R. 16500. An act granting pensions and increase of pension to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; and

H. R. 16522. An act granting pensions and increase of pension to certain soldiers and sailors of the Regular Army and Navy, etc., and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors.

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 3771. An act vacating the alley between lots 16 and 17, square 1083, District of Columbia.

BILLS PRESENTED TO THE PRESIDENT

Mr. CAMPBELL, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills and joint resolutions of the House of the following titles:

H. R. 56. An act to authorize the Postmaster General to issue receipts to senders for ordinary mail of any character, and to fix the fees chargeable therefor;

H. R. 58. An act to authorize the assignment of railway postal clerks and substitute railway postal clerks to temporary employment as substitute sea-post clerks;

H. R. 132. An act authorizing the erection of a sanitary fire-proof hospital at the National Home for Disabled Volunteer Soldiers at Dayton, Ohio;

H. R. 496. An act authorizing an appropriation for development of potash jointly by the Department of Agriculture and the Department of Commerce by improved methods of recovering potash from deposits in the United States;

H. R. 967. An act for the relief of George J. Illichevsky;

H. R. 1939. An act for the relief of James M. Thomas;

H. R. 2492. An act to extend the benefits of the United States employees' compensation act of September 7, 1916, to John L. Jenifer, a former employee of the Government Printing Office, Washington, D. C.;

H. R. 3949. An act for the relief of Frank F. Moore;

H. R. 3967. An act for the relief of the next of kin of Edgar C. Bryon;

H. R. 4267. An act for the relief of Ernest J. Hiscock;

H. R. 4776. An act for the relief of Dr. Stanley R. Teachout;

H. R. 5713. An act to permit certain warrant officers to count all active service rendered under temporary appointments as warrant or commissioned officers in the regular Navy or as warrant or commissioned officers in the United States Naval Reserve Force for purpose of promotion to chief warrant rank;

H. R. 5780. An act to provide for the further carrying out of the award of the National War Labor Board, of July 31, 1918, in favor of certain employees of the Bethlehem Steel Co., Bethlehem, Pa.;

H. R. 6865. An act to prescribe more definitely the rates of compensation payable to steamships of United States registry for transportation of foreign mails;

H. R. 7392. An act for the relief of John I. Fitzgerald;

H. R. 7409. An act for the relief of John J. Campbell;

H. R. 8807. An act for the relief of James O. Williams;

H. R. 8901. An act to amend and further extend the benefits of the act approved March 3, 1925, entitled "An act conferring jurisdiction upon the Court of Claims to hear, examine, adjudicate, and enter judgment in any and all claims, of whatever nature, which the Kansas or Kaw Tribe of Indians may have or claim to have against the United States, and for other purposes";

H. R. 8968. An act to allow credit in the accounts of William A. Schoenfeld;

H. R. 9716. An act for the relief of Charles H. Salley;

H. R. 9943. An act for the relief of Sawyer Motor Co.;

H. R. 10015. An act authorizing the promotion on the retired list of the Navy of Herschel Paul Cook, lieutenant, junior grade;

H. R. 10327. An act for the relief of Charles J. Hunt;

H. R. 10624. An act for the relief of William J. Casey;

H. R. 10760. An act to authorize the settlement of the indebtedness of the Hellenic Republic to the United States of America and of the differences arising out of the tripartite loan agreement of February 10, 1918;

H. R. 10913. An act to compensate Talbird & Jenkins for balance due on contracts with Navy Department dated March 20 and October 9, 1919;

H. R. 11289. An act for the relief of Katherina Kautz and Fred G. Kautz, heirs of the estate of Christian F. Kautz, deceased;

H. R. 11616. An act to authorize alterations and repairs to certain naval vessels;

H. R. 11749. An act for the relief of H. A. Russell;

H. R. 12007. An act for the relief of Mr. and Mrs. Peter J. Egan;

H. R. 12322. An act to quiet title and possession with respect to certain lands in Faulkner County, Ark.;

H. R. 12347. An act granting all right, title, and interest of the United States to the piece or parcel of land known as the Cuartel lot to the city of Monterey, Calif.;

H. R. 12415. An act to grant freedom of postage in the United States domestic service to the correspondence of the members of the diplomatic corps and consuls of the countries of the Pan American Postal Union stationed in the United States;

H. R. 12520. An act for the relief of the Nez Perce Tribe of Indians;

H. R. 12607. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the custody of Naval Post 110 of the American Legion the bell of the battleship *Connecticut*;

H. R. 12711. An act for the relief of certain members of a trail crew employed by the Forest Service;

H. R. 12714. An act for the relief of the Rocky Ford National Bank, Rocky Ford, Colo.;

H. R. 12898. An act to extend the collect-on-delivery service and limits of indemnity to sealed domestic mail on which the first-class rate of postage is paid;

H. R. 13428. An act for the relief of Mackenzie Memorial Hospital and German-American Hospital and Lau Ye Kun, all of Tientsin, China;

H. R. 13449. An act to provide for the promotion of clerks and general mechanics in the motor-vehicle service;

H. R. 13450. An act to provide for the promotion of clerks, general mechanics, driver mechanics, and garage-men drivers in the motor-vehicle service;

H. R. 13451. An act to authorize the Postmaster General to hire vehicles from letter carriers for use in service;

H. R. 13565. An act to amend the act entitled "An act for the retirement of employees in the classified civil service, and for other purposes," approved July 3, 1926;

H. R. 13692. An act authorizing the Coos (Kowes) Bay, Lower Umpqua (Kalawatset), and Siuslaw Tribes of Indians of the State of Oregon to present their claims to the Court of Claims;

H. R. 13899. An act authorizing the Secretary of the Interior to issue patents for lands held under color of title;

H. R. 13977. An act authorizing the Secretary of the Interior to settle claims by agreement arising under operation of Indian irrigation projects;

H. R. 14458. An act authorizing the Rio Grande del Norte Investment Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at or near San Benito, Tex.;

H. R. 14572. An act for the relief of William Ghrist;

H. R. 15004. An act for the relief of Florence P. Hampton;

H. R. 15005. An act authorizing the Donna Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at or near Donna, Tex.;

H. R. 15006. An act authorizing the Los Indios Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at or near Los Indios, Tex.;

H. R. 15039. An act for the relief of Winston W. Davis;

H. R. 15069. An act authorizing the Rio Grande City-Camargo Bridge Co., its successors and assigns, to construct, maintain, and operate a bridge across the Rio Grande at or near Rio Grande City, Tex.;

H. R. 15092. An act to authorize an appropriation to pay half the cost of a bridge near the Soboba Indian Reservation, Calif.;

H. R. 15279. An act for the relief of the family of Wang Erh-Ko;

H. R. 15328. An act to authorize the exchange of 18 sections of Government land for an equal value of State land located in Box Elder County, Utah, for experiments in sheep growing, and for other purposes;

H. R. 15523. An act authorizing representatives of the several States to make certain inspections and to investigate State sanitary and health regulations and school attendance on Indian reservations, Indian tribal lands, and Indian allotments;

H. R. 15968. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near St. Paul and Minneapolis, Minn.;

H. R. 16129. An act to provide for the acquisition of a site and the construction thereon and equipment of buildings and appurtenances for the Coast Guard Academy;

H. R. 16527. An act to authorize the Secretary of the Interior to purchase land for the Alabama and Coushatta Indians of Texas, subject to certain mineral and timber interests;

H. J. Res. 153. Joint resolution for the contribution of the United States in the plans of the organization of the International Society for the Exploration of the Arctic Regions by Means of the Airship;

H. J. Res. 304. Joint resolution providing for the observance and commemoration of the one hundred and fiftieth anniversary of the death of Brig. Gen. Casimir Pulaski, and establishing a commission to be known as the United States Pulaski Sesquicentennial Commission;

H. J. Res. 343. Joint resolution authorizing an extension of time within which suits may be instituted on behalf of the Cherokee Indians, the Seminole Indians, the Creek Indians, and the Choctaw and Chickasaw Indians to June 30, 1930, and for other purposes;

H. J. Res. 356. Joint resolution to authorize the exchange of certain public lands in the State of Utah, and for other purposes; and

H. J. Res. 398. Joint resolution to extend the period of time in which the Secretary of the Interior shall withhold his approval of the adjustment of Northern Pacific land grants, and for other purposes.

ADJOURNMENT

Mr. TILSON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 40 minutes p. m.) the House adjourned until to-morrow, Thursday, February 14, 1929, at 12 o'clock noon.

COMMITTEE HEARINGS

Mr. TILSON submitted the following tentative list of committee hearings scheduled for Thursday, February 14, 1929, as reported to the floor leader by clerks of the several committees:

COMMITTEE ON WAYS AND MEANS

(10 a. m. and 2 p. m.)

Tariff hearings as follows:

Papers and books, February 14.

Sundries, February 15, 18, 19.

Free list, February 20, 21, 22.

Administrative and miscellaneous, February 25.

COMMITTEE ON APPROPRIATIONS

(10 a. m.)

Second deficiency appropriation bill.

COMMITTEE ON EXPENDITURES IN EXECUTIVE DEPARTMENTS

(10.30 a. m.)

To authorize the President to consolidate and coordinate governmental activities affecting war veterans (H. R. 16722).

COMMITTEE ON THE LIBRARY

(10.30 a. m.)

Authorizing the erection on public grounds in the District of Columbia of a monument or memorial to Oscar S. Straus (H. J. Res. 377).

COMMITTEE ON FOREIGN AFFAIRS

(10.30 a. m.)

To authorize an appropriation for the American group of the Interparliamentary Union.

COMMITTEE ON PUBLIC BUILDINGS AND GROUNDS

(10 a. m.)

For the acquisition, establishment, and development of the George Washington Memorial Parkway along the Potomac from Mount Vernon and Fort Washington to the Great Falls, and to provide for the acquisition of lands in the District of Columbia and the States of Maryland and Virginia requisite to the comprehensive park, parkway, and playground system of the National Capital (H. R. 15524).

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

834. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the National Advisory Committee for Aeronautics for the fiscal year ending June 30, 1929, \$208,000, to remain available until June 30, 1930 (H. Doc. No. 584); to the Committee on Appropriations and ordered to be printed.

835. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Federal Board for Vocational Education for the fiscal year ending June 30, 1930, for cooperative vocational education in agriculture and home economics \$500,000, and for salaries and expenses, Federal Board for Vocational Education \$95,000; in all, \$595,000 (H. Doc. No. 585); to the Committee on Appropriations and ordered to be printed.

836. A communication from the President of the United States, transmitting records of judgments against the Government by the United States district courts in special cases, as submitted by the Attorney General, through the Secretary of the Treasury, amounting to \$47,659.82 (H. Doc. No. 586); to the Committee on Appropriations and ordered to be printed.

837. A letter from the Assistant Secretary of Labor, transmitting report on accumulation of miscellaneous papers in the Immigration Service, Bureau of Labor Statistics, United States Employment Service, Children's Bureau, and Women's Bureau which will be of no further use in the transaction of official business; to the Committee on Disposition of Useless Executive Papers.

838. A letter from the secretary of the Federal Radio Commission, transmitting a list of useless papers accumulated in the files of the commission, which have no permanent value or historical interest; to the Committee on Disposition of Useless Executive Papers.

839. A letter from the Secretary of the Treasury, transmitting draft of a bill "authorizing the Secretary of the Treasury to sell the Government property acquired for a new post-office site in Binghamton, N. Y., and for other purposes"; to the Committee on Public Buildings and Grounds.

840. A letter from the Acting Librarian of the Library of Congress, transmitting the first Index and Digest to the Legislation of the States of the United States enacted during the biennium 1925-26, under the act of Congress approved February 10, 1927; to the Committee on Printing.

841. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the Director of Public Buildings and Public Parks of the National Capital for the fiscal years 1929 and 1930, in the sum of \$48,000, together with proposed legislation to make Government property at Mount Weather, Va., available for the use of the President (H. Doc. No. 587); to the Committee on Appropriations and ordered to be printed.

842. A letter from the Secretary of War, transmitting report from the Chief of Engineers on preliminary examination of headwaters of the Mississippi River, with a view to maintaining a minimum fixed head of water in all the channels of this system at all times; to the Committee on Rivers and Harbors.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BECK of Pennsylvania: Committee on Interstate and Foreign Commerce. H. R. 16349. A bill authorizing V. Calvin Trice, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Choptank River at or near Cambridge, Md.; with amendment (Rept. No. 2474). Referred to the House Calendar.

Mr. DENISON: Committee on Interstate and Foreign Commerce. H. R. 16603. A bill to extend the times for commencing and completing the construction of a bridge across the Cumberland River at or near Arat, Cumberland County, Ky.; with amendment (Rept. No. 2475). Referred to the House Calendar.

Mr. DENISON: Committee on Interstate and Foreign Commerce. H. R. 16604. A bill to extend the times for commencing and completing the construction of a bridge across the Cumberland River at or near Center Point, in Monroe County, Ky.; with amendment (Rept. No. 2476). Referred to the House Calendar.

Mr. DENISON: Committee on Interstate and Foreign Commerce. H. R. 16605. A bill to extend the times for commencing and completing the construction of a bridge across the Cumberland River at or near Creelsboro, in Russell County, Ky.; with amendment (Rept. No. 2477). Referred to the House Calendar.

Mr. DENISON: Committee on Interstate and Foreign Commerce. H. R. 16606. A bill to extend the times for commencing and completing the construction of a bridge across the Cumberland River at or near Neelys Ferry, in Cumberland County, Ky.; with amendment (Rept. No. 2478). Referred to the House Calendar.

Mr. PEERY: Committee on Interstate and Foreign Commerce. H. R. 16609. A bill extending the times for commencing and completing the construction of a bridge across the Ohio River at Sistersville, Tyler County, W. Va.; with amendment (Rept. No. 2479). Referred to the House Calendar.

Mr. DENISON: Committee on Interstate and Foreign Commerce. H. R. 16610. A bill to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Chester, Randolph County, Ill.; with amendment (Rept. No. 2480). Referred to the House Calendar.

Mr. DENISON: Committee on Interstate and Foreign Commerce. H. R. 16640. A bill to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Mound City, Ill.; with amendment (Rept. No. 2481). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H. R. 16641. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Washington, Mo.; with amendment (Rept. No. 2482). Referred to the House Calendar.

Mr. PARKS: Committee on Interstate and Foreign Commerce. H. R. 16645. A bill to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Helena, Ark.; with amendment (Rept. No. 2483). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 16725. A bill authorizing L. L. Thompson, his heirs, legal representatives, and assigns, to construct, maintain, and operate a bridge across the Red River at or near Mont-

gomery, La.; with amendment (Rept. No. 2484). Referred to the House Calendar.

Mr. DENISON: Committee on Interstate and Foreign Commerce. H. R. 16764. A bill authorizing the State Highway Commission, Commonwealth of Kentucky, to construct, maintain, and operate a bridge across the Ohio River at or near Carrollton, Ky.; without amendment (Rept. No. 2485). Referred to the House Calendar.

Mr. WYANT: Committee on Interstate and Foreign Commerce. H. R. 16791. A bill to extend the times for commencing and completing the construction of a bridge across the Monongahela River at or near Point Marion, Pa.; with amendment (Rept. No. 2486). Referred to the House Calendar.

Mr. PEERY: Committee on Interstate and Foreign Commerce. H. R. 16818. A bill to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Wellsburg, W. Va.; with amendment (Rept. No. 2487). Referred to the House Calendar.

Mr. HOCH: Committee on Interstate and Foreign Commerce. H. R. 16824. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Kansas City, Kans.; with amendment (Rept. No. 2488). Referred to the House Calendar.

Mr. JOHNSON of Indiana: Committee on Interstate and Foreign Commerce. S. 4438. An act authorizing the State of Indiana to construct, maintain, and operate a toll bridge across the Ohio River at or near Evansville, Ind.; without amendment (Rept. No. 2489). Referred to the House Calendar.

Mr. PARKS: Committee on Interstate and Foreign Commerce. S. 5066. An act extending the times for commencing and completing the construction of a bridge across the St. Francis River at or near St. Francis, Ark.; without amendment (Rept. No. 2490). Referred to the House Calendar.

Mr. DENISON: Committee on Interstate and Foreign Commerce. H. R. 16531. A bill to extend the times for commencing and completing the construction of a bridge across the Ohio River at or near Golconda, Ill.; without amendment (Rept. No. 2495). Referred to the House Calendar.

Mr. JOHNSON of Indiana: Committee on Interstate and Foreign Commerce. H. R. 16920. A bill granting the consent of Congress to E. T. Franks, his successors and assigns, to construct, maintain, and operate a bridge across the Ohio River approximately midway between the cities of Owensboro, Ky., and Rockport, Ind.; with amendment (Rept. No. 2496). Referred to the House Calendar.

Mr. CORNING: Committee on Interstate and Foreign Commerce. H. R. 17020. A bill to extend the times for commencing and completing the construction of a bridge across Lake Champlain at or near Rouses Point, N. Y.; with amendment (Rept. No. 2497). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H. R. 17024. A bill to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near Carondelet, Mo.; without amendment (Rept. No. 2498). Referred to the House Calendar.

Mr. ELLIOTT: Committee on Public Buildings and Grounds. S. J. Res. 213. A joint resolution to provide for extending the time in which the United States Supreme Court Building Commission shall report to Congress; with amendment (Rept. No. 2499). Referred to the House Calendar.

Mr. ZIHLMAN: Committee on the District of Columbia. H. R. 16792. A bill to amend sections 599, 600, and 601 of subchapter 3 of the Code of Laws for the District of Columbia; with amendment (Rept. No. 2500). Referred to the House Calendar.

Mr. ZIHLMAN: Committee on the District of Columbia. S. 4063. An act to amend certain sections of the teachers' salary act, approved June 4, 1924, and for other purposes; without amendment (Rept. No. 2501). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLIOTT: Committee on Public Buildings and Grounds. H. R. 11726. A bill to authorize the construction of a memorial building at Champoe, Oreg.; with amendment (Rept. No. 2502). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLIOTT: Committee on Public Buildings and Grounds. H. R. 16661. A bill to amend the act entitled "An act authorizing the paving of the Federal strip known as International Street, adjacent to Nogales, Ariz.," approved May 16, 1928; with amendment (Rept. No. 2503). Referred to the Committee of the Whole House on the state of the Union.

Mr. ELLIOTT: Committee on Public Buildings and Grounds. H. R. 17026. A bill granting a part of the Federal building site at Savannah, Ga., to the city of Savannah for street purposes; with amendment (Rept. No. 2504). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. BRITTEN: Committee on Naval Affairs. H. R. 15976. A bill for the relief of Lieut. (Junior Grade) Victor B. Tate, United States Navy, and Paul Franz, torpedo man (third class), United States Navy; without amendment (Rept. No. 2491). Referred to the Committee of the Whole House.

Mr. BURDICK: Committee on Naval Affairs. H. R. 16887. A bill for the relief of Capt. George S. Seibels, Supply Corps, United States Navy; with amendment (Rept. No. 2492). Referred to the Committee of the Whole House.

Mr. HOUSTON of Hawaii: Committee on Naval Affairs. H. R. 16888. A bill for the relief of Capt. Chester G. Mayo, Supply Corps, United States Navy; without amendment (Rept. No. 2493). Referred to the Committee of the Whole House.

Mr. WOODRUFF: Committee on Naval Affairs. H. R. 17001. A bill for the relief of Capt. Walter R. Gherardi, United States Navy; without amendment (Rept. No. 2494). Referred to the Committee of the Whole House.

Mr. HOFFMAN: Committee on Military Affairs. H. R. 9515. A bill for the relief of Homer N. Horine; with amendment (Rept. No. 2505). Referred to the Committee of the Whole House.

Mr. VINSON of Georgia: Committee on Naval Affairs. H. R. 13288. A bill to authorize a cash award to William P. Flood for beneficial suggestions resulting in improvement in naval material; without amendment (Rept. No. 2506). Referred to the Committee of the Whole House.

Mr. TATGENHORST: Committee on Naval Affairs. H. R. 16891. A bill for the relief of Lieut. Arthur W. Babcock, Supply Corps, United States Navy; with amendment (Rept. No. 2507). Referred to the Committee of the Whole House.

Mr. EVANS of California: Committee on Naval Affairs. H. R. 16899. A bill for the relief of Lieut. Archy W. Barnes, Supply Corps, United States Navy; without amendment (Rept. No. 2508). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred, as follows:

By Mr. GIBSON: A bill (H. R. 17074) to provide for the acquisition of a residence for the use of the Vice President, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. BURTNESS: A bill (H. R. 17075) to extend the times for commencing and completing the construction of a bridge across the Red River of the North at or near Fargo, N. Dak.; to the Committee on Interstate and Foreign Commerce.

By Mr. CONNERY: A bill (H. R. 17076) to amend the World War adjusted compensation act, as amended; to the Committee on Ways and Means.

By Mr. ROY G. FITZGERALD: A bill (H. R. 17077) to authorize an appropriation for the American group of the Interparliamentary Union; to the Committee on Foreign Affairs.

By Mr. HOWARD of Oklahoma: A bill (H. R. 17078) to authorize the establishment of an employment agency for the Indian Service; to the Committee on Indian Affairs.

By Mr. LEAVITT (by request): A bill (H. R. 17079) to repeal the provisions in the act of April 30, 1908, and other legislation limiting the annual per capita cost in Indian schools; to the Committee on Indian Affairs.

By Mr. SNELL: A bill (H. R. 17080) to amend section 97 of the Judicial Code, as amended (sec. 178, title 28, U. S. C.); to the Committee on the Judiciary.

MEMORIALS

Under clause 3 of Rule XXII, memorials were presented and referred as follows:

Joint resolution of the Legislature of the State of Nebraska, urging the Congress of the United States to enact into law House bill 14461; to the Committee on the Judiciary.

By Mr. CARSS: Memorializing the Congress of the United States for the relief of the Lake of the Woods settlers for past damages suffered at the hands of power trust and enterprises in Canada; to the Committee on the Judiciary.

By Mr. EATON: Memorial of the Legislature of the State of New Jersey, urging the Congress of the United States to appropriate sufficient funds to train not less than 21,000 reserve officers each year for a period of 14 days on an active-duty status; to the Committee on Appropriations.

By Mr. KVALE: Memorial of the Legislature of the State of Minnesota, memorializing the Congress of the United States to amend existing law to provide that settlers suffering alleged damage to their lands bordering on the Lake of the Woods may

have their claims filed and tried in the courts of the land; to the Committee on the Judiciary.

By Mr. HOWARD of Nebraska: Memorial from the House of Representatives of the State of Nebraska, memorializing the Congress in behalf of a Federal appropriation for the survey, improvement, construction, and maintenance of a road on the Omaha and Winnebago Indian Reservation in the State of Nebraska; to the Committee on Roads.

Also, memorial from the Senate of the State of Nebraska, pleading for Federal appropriation for survey, improvement, construction, and maintenance of a road on the Omaha and Winnebago Indian Reservation in the State of Nebraska; to the Committee on Roads.

Also, memorial from the House of Representatives of the State of Nebraska, memorializing the Congress in behalf of House bill 14461, Seventieth Congress, second session, which provides for a joint reunion of the survivors of the war of 1861 to 1865, to be held in the city of Washington in the year 1929, and to authorize the appropriation of sufficient money from the United States Treasury to pay the expenses of such joint reunion and to provide for a commission to carry into effect the provisions of said act; to the Committee on the Judiciary.

Also, memorial from the Senate of the State of Nebraska memorializing the Congress in behalf of House bill 14461, Seventieth Congress, second session, which provides for a joint reunion of the survivors of the war of 1861 to 1865, to be held in the city of Washington in the year 1929, and to authorize the appropriation of sufficient money from the United States Treasury to pay the expenses of such joint reunion and to provide for a commission to carry into effect the provisions of said act; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHMANN: A bill (H. R. 17081) for the relief of James L. Hannon; to the Committee on Military Affairs.

Also, a bill (H. R. 17082) for the relief of dependent wife and child of Leonidas B. Linger; to the Committee on Military Affairs.

Also, a bill (H. R. 17083) for the relief of Herbert L. Burge; to the Committee on Military Affairs.

By Mr. BACHARACH: A bill (H. R. 17084) granting an increase of pension to Mary Conover; to the Committee on Invalid Pensions.

By Mr. BUCKBEE: A bill (H. R. 17085) granting an increase of pension to Betsy Van Amburg; to the Committee on Invalid Pensions.

By Mr. COCHRAN of Pennsylvania: A bill (H. R. 17086) granting an increase of pension to Mary L. Briggs; to the Committee on Invalid Pensions.

By Mr. EATON: A bill (H. R. 17087) granting an increase of pension to Mary E. Buffin; to the Committee on Invalid Pensions.

By Mr. HALL of Illinois: A bill (H. R. 17088) granting an increase of pension to Mary E. Avery; to the Committee on Invalid Pensions.

Also, a bill (H. R. 17089) granting an increase of pension to Matilda Edmonds; to the Committee on Invalid Pensions.

By Mr. HOOPER: A bill (H. R. 17090) granting a pension to Ella V. Zeluff; to the Committee on Invalid Pensions.

By Mr. KING: A bill (H. R. 17091) granting a pension to Mrs. Harrison Lantz; to the Committee on Pensions.

By Mr. MENGES: A bill (H. R. 17092) granting an increase of pension to Susannah Null; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H. R. 17093) granting a pension to Lucy E. Huff; to the Committee on Invalid Pensions.

By Mr. REED of New York: A bill (H. R. 17094) for the relief of John F. Green; to the Committee on Claims.

By Mr. WURZBACH: A bill (H. R. 17095) to authorize the appointment of Nannie C. Barndollar, Albert B. Neal, and Joseph B. Dickerson as warrant officers, United States Army; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

11172. By Mr. BACHMANN: Petition of A. G. Bihler and other citizens of Wheeling, W. Va., protesting against the enactment of the Lankford Sunday bill; to the Committee on the District of Columbia.

11173. By Mr. BLOOM: Petition of persons protesting against the enactment of the Lankford Sunday bill (H. R. 78); to the Committee on the District of Columbia.

11174. By Mr. BOYLAN: Resolution adopted by the New York State Bar Association at the last annual meeting of the association urging the passage of House bill 10639; to the Committee on the Judiciary.

11175. By Mr. CANFIELD: Petition of Dr. John B. Talmage and 48 other citizens of Lawrenceburg, Ind., petitioning against the passage of the Lankford Sunday bill, known as House bill 78; to the Committee on the District of Columbia.

11176. By Mr. CANNON: Petition of the First Baptist Church, of Oklahoma City, Okla., indorsing equal distribution of broadcasting facilities by the Federal Radio Commission; to the Committee on the Merchant Marine and Fisheries.

11177. By Mr. CARLEY: Petition of postal employees of New York, asking special rule on certain bills; to the Committee on Rules.

11178. By Mr. CARTER: Joint petition of Shasta County Board of Supervisors and the Redding Chamber of Commerce, Calif., urging the passage of House bill 14665, appropriating \$10,500,000 for the next 3-year period in building highways; to the Committee on Roads.

11179. By Mr. CULLEN: Petition of the New York Holstein-Friesian Association, urging Congress to direct its attention to the better protection of our dairy industry by adequate increase of existing tariff duties on milk, cream, cheese, butter, and other dairy products and competing products, to the end that returns to the dairy branch of agriculture may be on a fair parity with the other business industries of our country; to the Committee on Ways and Means.

11180. Also, petition of the board of trustees of the Foreign Language Information Service, urging that Congress permit aliens who entered the United States before July 1, 1924, but of whose admission there is no record, and who are not for any cause subject to deportation, to regularize their status in the United States and to obtain the certificate of arrival required for naturalization; to the Committee on Immigration and Naturalization.

11181. Also, petition by the New York State Bar Association, urging passage by Congress of the bill pending before it, designated as House bill 10639; to the Committee on the Judiciary.

11182. By Mr. EVANS of California: Petition of Mrs. L. C. Craig and 192 others, of North Long Beach, Calif., protesting against the enactment of the Lankford Sunday bill; to the Committee on the District of Columbia.

11183. By Mr. GARBER: Petition of the First Baptist Church of Oklahoma City, Okla., requesting Congress and the Federal Radio Commission to remedy certain discriminations against the churches in the matter of broadcasting; to the Committee on the Merchant Marine and Fisheries.

11184. By Mr. JOHNSON of Texas: Petition of Texas Farm Bureau Federation, protesting against a tariff on lumber, shingles, and logs from Canada; to the Committee on Ways and Means.

11185. By Mr. KVALE: Petition of the Marietta Study Club, Marietta, Minn., by Mrs. C. C. Ross, corresponding secretary, urging prompt enactment into law of the Shipstead-Newton bill, so called (H. R. 12780); to the Committee on the Public Lands.

11186. By Mr. LINDSAY: Petition of Ford & Co. (Inc.), Brooklyn, N. Y., urging passage of House bill 12693, regulating traffic, labeling, and standards of various types of preserves; to the Committee on Agriculture.

11187. Also, petition of the New York State Bar Association, favoring House bill 10639, involving certain changes in trial procedures; to the Committee on the Judiciary.

11188. Also, petition of Irving Cohen, 50 Bocrum Street, and H. Bronstein, 201 Varet Street, Brooklyn, N. Y., urging support of Mead-La Follette bill for postal employees; to the Committee on the Civil Service.

11189. Also, petition of James Kennaugh, president Local No. 10, New York Federation Post Office Clerks, New York, N. Y., urging support of La Follette and Dale-Lehlbach retirement bills; to the Committee on the Civil Service.

11190. By Mr. O'CONNELL: Petition of the Foreign Language Information Service, New York City, with reference to amendments to the immigration law; to the Committee on Immigration and Naturalization.

11191. Also, petition of George Borgfeldt & Co., New York City, favoring the passage of Senate bill 1462; to the Committee on Irrigation and Reclamation.

11192. Also, petition of Ford & Co., Brooklyn, N. Y., favoring the passage of House bill 12693; to the Committee on Agriculture.

11193. Also, petition of the New York State Bar Association favoring the passage of House bill 10639; to the Committee on the Judiciary.

11194. By Mr. O'CONNOR of New York: Resolution adopted by the New York State Bar Association, urging the passage of House bill 10639; to the Committee on the Judiciary.

11195. By Mr. QUAYLE: Petition of Henry W. C. Block, St. Louis, Mo., and other citizens, with reference in the settlement of claims of former enemies to any property turned over to the Alien Property Custodian; to the Committee on Ways and Means.

11196. Also, petition of the National Association of Retail Meat Dealers (Inc.), of Chicago, Ill., opposing an increase in tariff on meats; to the Committee on Ways and Means.

11197. Also, petition of Ford & Co. (Inc.), of Brooklyn, N. Y., favoring the passage of House bill 12693, referring to the question of standards covering the making of fruit preserves; to the Committee on Agriculture.

11198. Also, petition of George Borgfeldt & Co., of New York, favoring the passage of Senate bill 1462, which authorizes preparations to be made for completing surveys and studies for the Columbia Basin project; to the Committee on Irrigation and Reclamation.

11199. Also, petition of New York State Bar Association, urging the passage of House bill 10639, granting to an accused in the United States district court the right voluntarily to waive a jury trial and to elect to be tried by the court without a jury; to the Committee on the Judiciary.

11200. By Mr. SANDERS of Texas: Petition from the First Baptist Church of Oklahoma City, asking to remedy discriminations that are being practiced upon the Christian churches of the Nation, etc.; to the Committee on the Merchant Marine and Fisheries.

11201. By Mr. VINCENT of Iowa: Petition of Joseph Dotzler, Defiance, Iowa, protesting against any change in present tariff on hides and leather used in the manufacture of shoes; to the Committee on Ways and Means.

SENATE

THURSDAY, February 14, 1929

(Legislative day of Monday, February 11, 1929)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

The VICE PRESIDENT. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Farrell, its enrolling clerk, announced that the House had passed the bill (S. 4257) to authorize the payment of certain salaries or compensation to Federal officials and employees by the treasurer of the Territory of Alaska.

The message also announced that the House had passed the joint resolution (S. J. Res. 110) to provide for accepting, ratifying, and confirming the cessions of certain islands of the Samoan group to the United States, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 16877. An act providing for the biennial appointment of a board of visitors to inspect and report upon the government and conditions in the Philippine Islands; and

H. R. 16881. An act to approve, ratify, and confirm an act of the Philippine Legislature entitled "An act amending the corporation law, Act No. 1459, as amended, and for other purposes," enacted November 8, 1928, approved by the Governor General of the Philippine Islands December 3, 1928.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H. R. 3955. An act for the relief of the C. Tisdall Co., Herbert W. Smith, Newman Bros., Thomas J. Murphy Co., formerly Edward A. Brown Co., and Giles P. Dunn, jr.;

H. R. 4258. An act to authorize credit in the disbursing accounts of certain officers of the Army of the United States and for the settlement of individual claims approved by the War Department;

H. R. 7166. An act to allow credit in the accounts of disbursing officers of the Army of the United States on account of refunds made to purchasers of surplus war supplies;

H. R. 15386. An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1930, and for other purposes;

H. R. 16500. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; and

H. R. 16522. An act granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, etc., and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors.

CALL OF THE ROLL

Mr. CURTIS. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Ashurst	Edwards	King	Shortridge
Bayard	Fess	McMaster	Simmons
Bingham	Fletcher	McNary	Smith
Black	Frazier	Mayfield	Smoot
Blaine	George	Moses	Steck
Blease	Gillett	Neely	Steiwer
Borah	Glass	Norbeck	Stephens
Bratton	Glenn	Norris	Swanson
Brookhart	Goff	Nye	Thomas, Idaho
Broussard	Gould	Oddie	Thomas, Okla.
Bruce	Greene	Overman	Trammell
Burton	Hale	Phipps	Tydings
Capper	Harris	Pine	Tyson
Caraway	Harrison	Pittman	Vandenberg
Copeland	Hastings	Ransdell	Wagner
Couzens	Hawes	Reed, Pa.	Walsh, Mass.
Curtis	Hayden	Robinson, Ark.	Walsh, Mont.
Dale	Hellin	Sackett	Warren
Deneen	Johnson	Schall	Waterman
Dill	Jones	Sheppard	Watson
Edge	Keyes	Shipstead	Wheeler

Mr. NORRIS. I wish to announce that my colleague [Mr. HOWELL] is still detained from the Senate by illness. I ask that this announcement may stand for the day.

Mr. BLAINE. I desire to announce that my colleague [Mr. LA FOLLETTE] is unavoidably absent, and I ask that the announcement may stand for the day.

Mr. JONES. I desire to announce that the Senator from Rhode Island [Mr. METCALF] and the Senator from New Mexico [Mr. LARRAZOLO] are absent because of illness.

The VICE PRESIDENT. Eighty-four Senators having answered to their names, a quorum is present.

SUPPLEMENTAL ESTIMATES—INCREASE OF THE NAVY (S. DOC. NO. 222)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, three supplemental estimates of appropriation for the Navy Department for the fiscal year ending June 30, 1930: For increase of the Navy—construction and machinery, \$5,800,000; armor, armament, and ammunition, \$6,000,000; and improving and equipping the navy yards for construction of ships, \$570,000—amounting in all to \$12,370,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

DISPOSITION OF USELESS PAPERS

The VICE PRESIDENT laid before the Senate a communication from the Public Printer, reporting, pursuant to law, relative to an accumulation of certain papers on the files of the Government Printing Office which have no permanent value or historical interest and asking for action looking toward their disposition as waste paper, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments. The Vice President appointed Mr. SHIPSTEAD and Mr. FLETCHER members of the committee on the part of the Senate.

The VICE PRESIDENT also laid before the Senate a communication from the Secretary of the Interior, reporting, pursuant to law, relative to an accumulation of documents and files of papers which are not needed or useful in the transaction of the current business of the department and have no permanent value or historical interest, and asking for action looking toward their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments. The Vice President appointed Mr. NYE and Mr. PITTMAN members of the committee on the part of the Senate.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint memorial of the Legislature of the State of Idaho, which was referred to the Committee on Finance: